

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input checked="" type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name City of Burton	County Genesee
Fiscal Year End 6/30/07	Opinion Date 12/14/07	Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES
2

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	None	
Certified Public Accountant (Firm Name) Plante & Moran, PLLC		Telephone Number 810-767-5350	
Street Address 111 East Court Street, Suite 1A		City Flint	State MI
Zip 48502			
Authorizing CPA Signature 	Printed Name Tadd Harburn	License Number 1101014134	

City of Burton, Michigan

**Comprehensive Annual Financial Report
with Supplement Information**

June 30, 2007

**Prepared By:
Controller's Department**

**City of Burton, Michigan
Year Ended June 30, 2007**

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City of Burton, Michigan
List of Elected and Appointed Officials

Elected Officials

Charles H. Smiley.....	Mayor
Gary Isham	City Council - President
Jeff Major	City Council - Vice President
Ralph LaDuke.....	City Council - Member
Christina Conley.....	City Council - Member
Charles Cross.....	City Council - Member
Laurie Tinnin.....	City Council - Member
Danny Wells.....	City Council - Member

Appointed Officials

Iris Piske.....	Treasurer
Gayle Webster	Clerk
Diane Heidenberger.....	Assessor
Douglas Halstead.....	Fire Chief
Bruce Whitman.....	Police Chief



City of Burton

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Burton, Michigan 48519
Phone (810) 743-1500
Fax (810) 743-5060
www.burtonmi.us

December 6, 2007

Charles H. Smiley
Mayor

Diane Heidenberger
Assessor

Doug Halstead
Chief, Fire & Rescue

Bruce Whitman
Chief, Police

Gayle Webster
City Clerk

Iris Piske
Treasurer

Dennis Lacey
Assistant Chief
Fire & Rescue

Karen D. Foster
Controller

Gregory Kray
Director
Public Works

Mark S. Udell
Information Technology
Director

Liz Moss
Purchasing Agent

Jean Johnson
Senior Center Director
(810) 744-0960

To the Honorable Members of the Burton City Council and
Citizens of the City of Burton:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Burton for the fiscal year ended June 30, 2007.

This report consists of management's representations concerning the finances of the City of Burton. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Burton has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Burton's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Burton's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

Plante & Moran, PLLC, a firm of licensed certified public accountants have audited the City of Burton's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Burton for the fiscal year ended June 30, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by

management; and evaluating the overall financial statement presentation. Based upon the audit the independent auditor concluded that there was a reasonable basis for rendering an unqualified (“clean”) opinion that the City of Burton’s financial statements for the fiscal year ended June 30, 2007, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Burton’s MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Burton, incorporated in 1972, is located in southeastern Genesee County, approximately 60 miles north of Detroit. The City of Burton occupies a land area of 23.5 square miles and serves a resident population of 30,308 with full municipal services. The City of Burton is empowered to levy a property tax on both real and personal property located within its boundaries.

The City of Burton has operated under the strong mayor-council form of government since 1972. Policy-making and legislative authority are vested in a government council consisting of seven council members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing citizen advisory committees, and hiring both the government’s auditor and attorney. The government’s mayor is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and appointing the city charter required administrative officers. The council is elected on a non-partisan at large basis and serves four-year staggered terms. Four council members are elected in one election cycle and three in the other election cycle. The mayor is elected on a non-partisan at large basis and serves a four-year term.

The City of Burton provides a full range of municipal services, including police and fire protection; construction and maintenance of streets, sanitation, water and sewer utilities, assessing, building inspection and code enforcement, recreational activities and events, and a Senior Citizen Activity Center.

The Council is required to adopt a final budget for the ensuing year no later than the second Monday in June. This annual budget serves as the foundation for the City of Burton’s financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., council). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments or from unappropriated funds, however, require the special approval of the City Council.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Burton operates.

Local economy

Many of Burton's residents work in the Flint metropolitan area and as a result are greatly impacted by the broader economic conditions of Genesee County. The Flint metropolitan area unemployment rate increased from 8.1% in June 2006 to 8.3% in June 2007. The unemployment rate in this area is at, or near the highest in the State of Michigan.

Vehicle related production makes up the largest share of manufacturing employment in the county. Employment at General Motors, SPO, and Delphi facilities has decreased significantly in recent years. It will be the job of leaders from the public and private sectors to work closely with these employers to explore new product lines and new opportunities.

In spite of these factors the City of Burton and Genesee County provides a strong economic base for development through an outstanding infrastructure of educational, health care and recreational facilities. Also, the availability of an excellent transportation network and all necessary public utilities add to the economic base of this area. Economic growth in Burton has continued despite the unfavorable conditions, with many national and regional retailers locating within the City over the last ten years.

Long-term financial planning

The City of Burton uses a Capital Improvements plan to identify short and long-range capital purchases required to maintain all of the basic, as well as complex, services that are available to the public through traditional financing mechanisms. This plan is formulated and updated during preliminary budget discussions between the Mayor and the Administrators and/or Department Heads it impacts. Capital purchases are identified based upon a perceived need. These items are then placed into the plan with a date that identifies when the item is to be completed, the estimated cost of the item, and potential financing sources. The identified purchases and corresponding completion dates must also be coordinated with the pressures of lost revenues and unfunded federal mandates.

Relevant financial policies

The City of Burton's financial policies are largely dictated through provisions in the City Charter that dictate procedure of budget adoption, as well as ordinances that define purchasing policies. Many of the city's financial policies are also dictated through state law, which defines the amount and manner of revenue collection that the city receives by fund.

Significant portions of the budget expenditures are the result of payroll and related employee benefits, as well as post-employment benefits. The long-term cost of these

items has been identified as the direct result of mandated accounting changes. These changes have required all units of government to account for post employment benefits that were previously being accrued, but were not identified as liabilities. The ability of governmental units to measure and meet the cost of long term financial commitments to their employees will likely influence future labor contracts, as well as help to establish administrative benefit guidelines relating to them.

Major Initiatives

The City of Burton is continuously expanding, commercially and residentially. We went live with our own utility billing on November 1, 2007. We no longer send our data to the County and we do the total processing of water/sewer billings. We continue to support many service groups in our city, such as the Rotary, Kiwanis, Optimist Club and the Burton Clergy. This past year, Mayor Smiley has held several Focus Session meetings. The Burton Focus Group meets at 6:00 p.m. on the third Wednesday of every month in council chambers. These meetings are held for the purpose of permitting free exchange of ideas between the members of various service groups and parties indicating interest in activities of the City, members of local school districts and officials and other members. The City continues to thrive. We continue to put forth our best efforts to keep our residents and businesses here in the City of Burton.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Burton for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2006. This was the twenty-third time, and the twenty-first consecutive year, that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published and easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Controller's Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report.

Respectfully submitted,



Charles H. Smiley
Mayor



Karen D. Foster
Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Burton
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

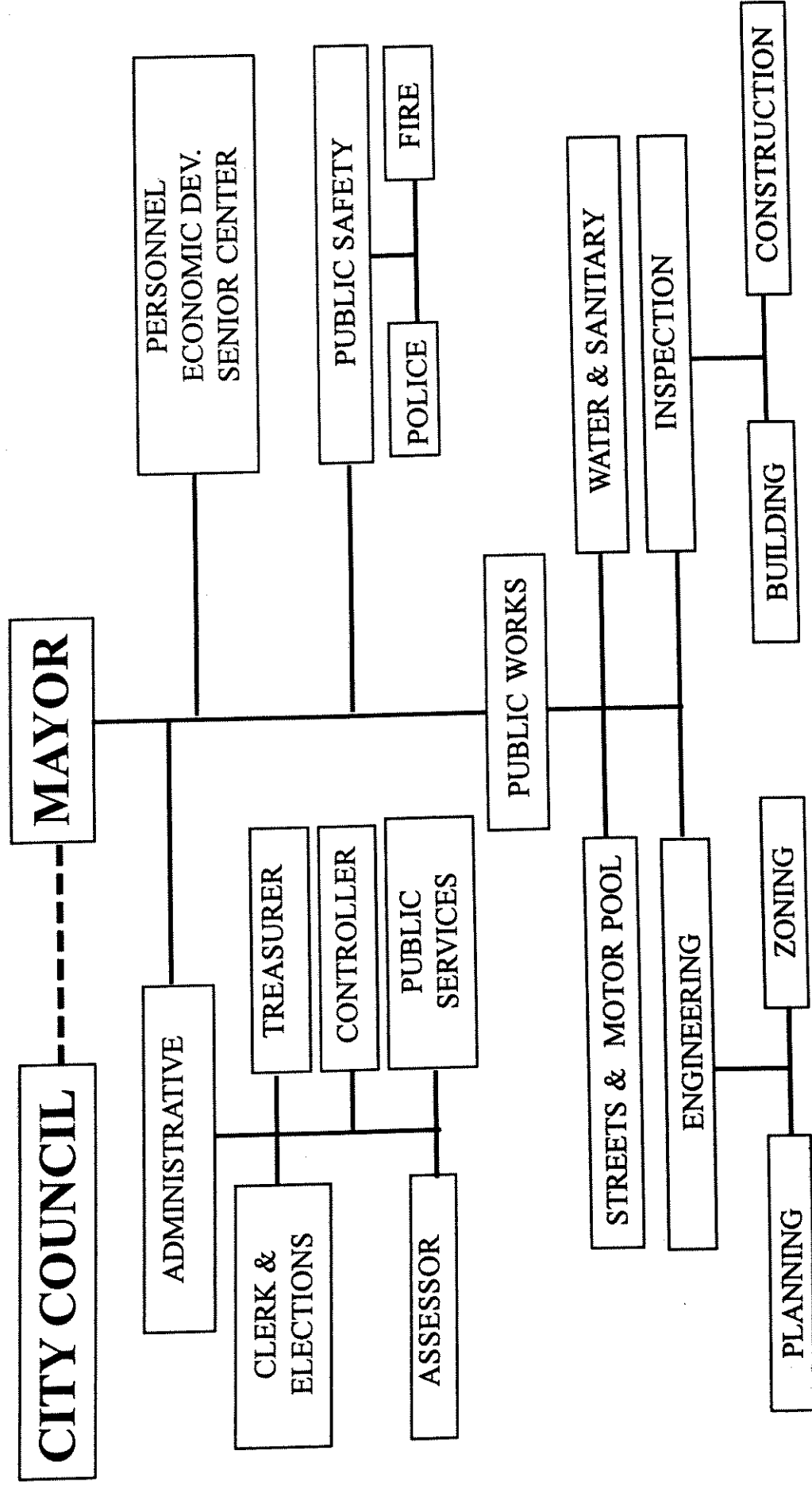


President

Executive Director

CITY OF BURTON FUNCTIONAL ORGANIZATIONAL CHART

JUNE 30, 2007



Financial Section



Plante & Moran, PLLC

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Independent Auditors' Report

Honorable Mayor and Members
of the City Council
City of Burton
Burton, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burton, Michigan, (City) as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Burton, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burton, Michigan, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Burton, Michigan's basic financial statements. The management's discussion and analysis, and the budgetary comparison schedules as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. The introductory section, other supplemental information, and statistical section as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison schedules, combining balance sheets and

combining statements of revenue, expenditures and changes in fund balance and capital asset and debt service schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have applied certain limited procedures to the management's discussion and analysis, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Plante & Moran, PLLC

December 14, 2007

Management's Discussion and Analysis

Management's Discussion and Analysis

This narrative section of the City of Burton's annual financial report provides discussion and analysis of the City's financial activities for the fiscal year ended June 30, 2007. This insight should be read to further enhance the understanding of the City's financial statements, which follows this section.

This analysis and discussion are part of the new accounting requirements and include comparative data from the different funds and activities of the City as well as current year and prior year comparisons.

Financial Highlights

- ❖ The total assets for the City of Burton are \$100,928,330 comprised of \$72,502,938 in capital assets and \$28,425,392 in other assets. Total liabilities are \$16,050,867 comprised of \$12,416,342 in long-term debt and \$3,634,525 in other debt.
- ❖ The total net assets for the City are \$84,877,463. Of this amount, \$15,211,472 is unrestricted and available for any City activity. The net assets increased \$454,436 from the prior year; \$278,520 from governmental activities and \$175,916 from business-type activities.
- ❖ Revenues including taxes, other revenues and net other financing sources for the primary government's governmental funds amounted to \$14,484,892. Expenditures of \$16,163,007 over revenues and other sources by \$1,678,115 mainly due to major and local street projects.
- ❖ The combined fund balance at June 30, 2007 for the City's governmental funds was \$8,445,908. This was a decrease of \$1,678,115 from the prior year.
- ❖ General Fund expenditures exceeded revenues and other sources by \$56,972, causing the General Fund's fund balance to decrease accordingly to stand at \$2,022,637.

Overview of the Financial Statements

This discussion constitutes the first section or introduction to the financial statements, which includes three parts. They are government-wide financial statements, the fund financial statements, and the notes to the financial statements. In addition to the financial statements, other supplementary information is also provided.

- ❖ The government-wide financial statements provide a broad overview of the City of Burton financial status for both the long-term and short-term.
 - The statement of net assets and statement of activities focus on the overall financial health indicators of the City. Those indicators are further categorized as either governmental activities that are primarily supported by taxes and intergovernmental revenues or business type activities which are supported by user fees and charges.
 - Burton's governmental activities include such areas as general government, public safety, highways, and streets. The business-type activities include water and sewer.
- ❖ The remaining statements are fund financial statements that focus on individual segments of the City. They are narrower in scope and provide more detail than the government-wide statements.
 - Governmental funds such as the general fund and the major and local street funds focus on the financing of these areas in the short term and what remains for future spending.
 - Proprietary fund statements represent the City's water and sewer funds and show how these activities operate like businesses.
 - Fiduciary fund statements provide information about financial relationships, such as the retirement plan for certain City employees, where the City administers the fund for the benefit of others who have ownership to the assets.

Notes to the financial statements are also included to further explain some of the financial statements and provide more detailed data.

The final sections include other information. The required supplemental information would include such items as the City of Burton's progress in funding its pension obligations and budgetary compliance of major funds with adopted budgets. In addition, other discretionary information about the City has been provided that should further enhance the understanding of its operations.

Table 1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Table 1 Major Features of the City of Burton, Michigan's
Government-wide and Fund Financial Statements
Fund Statements**

<u>Type of Statements</u>	<u>Government-wide</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, major/local streets	Activities the City operates similar to private businesses: the water and sewer system	Instances in which the City is the trustee or agent for someone else's resources, such as the retirement plan for some City employees
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term, the City's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Financial Analysis

The following table shows, in a condensed format, the net assets as of the current date and compared to the prior year (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
Current assets	\$ 17,687	\$ 14,949	\$ 12,788	\$ 13,476	\$ 30,475	\$ 28,425
Noncurrent assets	28,029	29,389	43,618	43,114	71,647	72,503
Total assets	45,716	44,338	56,406	56,590	102,122	100,928
Current liabilities	2,897	2,824	702	810	3,599	3,634
Long-term liabilities	11,950	10,366	2,150	2,050	14,100	12,416
Total liabilities	14,847	13,190	2,852	2,860	17,699	16,050
Net assets:						
Invested in capital assets - net of related debt	14,207	17,351	41,393	40,964	55,600	58,315
Restricted	13,385	11,048	289	303	13,674	11,351
Unrestricted	3,277	2,749	11,872	12,463	15,149	15,212
Total net assets	\$ 30,869	\$ 31,148	\$ 53,554	\$ 53,730	\$ 84,423	\$ 84,878

Changes in Net Assets:

As mentioned earlier, net assets provide useful benchmarks in determining overall financial position. Net assets - the difference between the City's assets and liabilities - is one way to measure the City's financial health or position. The City of Burton's combined net assets are \$84,877,463. This compares to last year's total of \$84,423,027 which was an increase of \$454,436. This increase was due to aggregate governmental activity expenses being held below revenue sources, as well as excess revenues over expenses for the water and sewer business-type activity funds.

Further review of the City's net assets indicates that they are divided into three parts. The largest part, \$58,315,164 (68%) is the investment in capital assets (land, buildings, machinery and equipment, and infrastructure) net of related debt which cannot be readily liquidated or available for future spending. The second part is restricted assets (\$11,350,827 or 13%), which can be used strictly for certain purposes, such as street improvements and debt service. Finally, the last part is unrestricted assets totaling \$15,211,472, which can be used for ongoing obligations or new activities.

The following table shows the changes of the net assets during the current year and as compared to the prior year:

	<u>2006</u>	<u>2007</u>
Governmental Activities:		
Program revenues:		
Charges for services	\$ 3,054,826	\$ 2,860,195
Operating grants	3,166,982	2,885,207
Capital grants	148,046	1,318,559
General revenues:		
Property taxes	4,421,288	4,588,302
State shared revenue	2,644,622	2,565,859
Unrestricted grants and contributions	282,392	291,221
Unrestricted investment earnings	684,518	712,755
Gain on disposal of capital assets	38,652	13,310
Total revenues	14,441,326	15,235,408

	<u>2006</u>	<u>2007</u>
Program expenses:		
General government	1,982,461	1,837,845
Public service	1,982,019	1,987,506
Public safety	5,624,006	5,422,371
Public works	3,793,648	4,807,487
Parks and recreation	96,359	82,957
Planning	78,018	88,635
Health and welfare	-	63,710
Interest on debt	598,768	519,057
Total expenses	<u>14,155,279</u>	<u>14,809,568</u>
Increase in net assets before transfers	286,047	425,840
Special item – special assessment roll change	-	(259,861)
Transfers	<u>(51,712)</u>	<u>112,541</u>
Change in net assets	<u>\$ 234,335</u>	<u>\$ 278,520</u>

	<u>2006</u>	<u>2007</u>
Business-Type Activities:		
Program revenues:		
Charges for services	\$5,375,830	\$5,871,989
Capital grants and contributions	968,395	107,520
General revenues:		
Investment earnings	451,615	596,228
Transfers	<u>51,712</u>	<u>(112,541)</u>
Total revenues	<u>6,847,552</u>	<u>6,463,196</u>
Program expense:		
Water	2,889,527	3,155,517
Sewer	<u>3,017,495</u>	<u>3,131,763</u>
Total expenses	<u>5,907,022</u>	<u>6,287,280</u>
Change in net assets	<u>\$940,530</u>	<u>\$175,916</u>

In 2007, the increase in net assets is due 1) governmental activity expenses being held under revenues and 2) business-type activity charges for services and investment income over expenses.

Financial Analysis of the City's Funds

The City ended the fiscal year with a total governmental funds fund balance of \$8,445,908. This was a decrease of \$1,678,115 over last year's fund balance of \$10,124,023. The main decrease was related to the Major Street Fund where street improvement project expenditures were made in 2007.

The City of Burton General Fund fund balance decreased by \$56,972 to \$2,022,637.

General Fund's revenues came in approximately \$54,000 less than budgeted. This decrease was due to a decrease in state grant revenues, property taxes, and charges for services offset by increase in fines and forfeits and interest.

General Fund's expenditures came in approximately \$202,000 less than budgeted. This is due to fringe benefits and salaries across departments below budget.

The only significant change between the original and amended budgets for the General Fund was mainly the addition of capital outlay expenditures for the fire department.

The City's total governmental fund revenues and net other financing sources amounted to \$14,484,892. Property taxes and assessments comprised \$5,518,645 or 38%, intergovernmental (federal, state, and local) revenues amounted to \$5,631,177 or 39%, and all other revenue types amounted to \$3,335,070 or 23% of total governmental revenues.

Total governmental expenditures amounted to \$16,102,493 or 6% increase over 2006.

The City has \$2.0 million in fund balance reserved for major and local streets. Major and local street expenditures increased \$935,357 or 32% in 2007 due to many new road construction projects.

Police Fund expenditures decreased \$2,607 due to a decrease in vehicle repairs, capital outlay, salaries and fringe benefit costs and information technology services.

All other nonmajor governmental funds have a total of \$5.7 million in combined fund balance mainly reserved for debt service and capital projects.

Capital Asset and Debt Administration

At June 30, 2007, the City of Burton's investment in capital assets for the governmental activities amounted to \$29,388,570 (net of depreciation) and business-type activities amounted to \$43,114,368 (net of depreciation). The investment in capital assets covers a broad variety of buildings, sewer and water system, machinery, equipment, roads, highways, bridges, and box culverts.

Additional information regarding the City's capital assets can be found in Note III.A.3 in Notes to the Financial Statements.

Long-Term Debt

At June 30, 2007, the City had \$12,172,469 in long-term debt outstanding for governmental activities and \$2,150,000 in bonds outstanding for business-type activities. The annual debt service requirement was \$2,121,932 which was a \$275,634 decrease from the previous year of \$2,397,566.

The City of Burton's limited tax special assessment bonds and water and sewer revenue bond issues both received A- bond ratings from Standard & Poor's. Transportation fund bonds issued by the City received an AA rating.

Additional information regarding the City's long-term debt can be found in Note III A. 6 of Notes to the Financial Statements.

Economic Factors and Next Year's Budgets and Rates

As provided in the State of Michigan Truth in Taxation Act, the City's state equalized value can not increase beyond the cost of living index, except for new construction. Property taxes represent 31% of total governmental activities revenue.

Information Requests

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors a general overview of the City's finances and provide further accountability of the financial transactions that take place. If you have questions about this report or need additional financial information, please contact the City of Burton Controller's Department, 4303 South Center Road, Burton, MI 48519.

Basic Financial Statements

Government-Wide Financial Statements

City of Burton
Statement of Net Assets
June 30, 2007

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 7,386,936	\$ 10,893,530	\$ 18,280,466
Investments	-	-	-
Receivables (net of allowances for uncollectibles)	5,608,400	2,214,742	7,823,142
Due from other governmental units	1,360,343	-	1,360,343
Internal balances	96,942	(96,942)	-
Unamortized bond discount	-	21,935	21,935
Inventory	73,775	139,796	213,571
Prepaid items	423,053	-	423,053
Restricted assets:			
Cash and cash equivalents	-	302,882	302,882
Capital assets non depreciated	167,874	218,543	386,417
Capital assets (net of accumulated depreciation)	29,220,696	42,895,825	72,116,521
Total assets	44,338,019	56,590,311	100,928,330
Liabilities			
Accounts payable	423,310	216,868	640,178
Accrued liabilities	319,947	23,781	343,728
Deposits	214,349	-	214,349
Due to other governmental units	-	469,894	469,894
Unearned revenue	60,249	-	60,249
Noncurrent liabilities:			
Current portion of debt	1,806,127	100,000	1,906,127
Long term portion of debt	10,366,342	2,050,000	12,416,342
Total liabilities	13,190,324	2,860,543	16,050,867
Net Assets			
Invested in capital assets, net of related debt	17,350,796	40,964,368	58,315,164
Restricted for:			
Highways and streets	2,009,791	-	2,009,791
Revenue bond reserve	-	302,882	302,882
Debt service	9,038,154	-	9,038,154
Unrestricted	2,748,954	12,462,518	15,211,472
Total net assets	\$ 31,147,695	\$ 53,729,768	\$ 84,877,463

The notes to financial statements are an integral part of this statement.

Component Units			
Downtown Development Authority		Economic Development Corporation	
\$	127,710	\$	3,754
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	127,710		3,754
	12,724		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	12,724		-
	-		-
	-		-
	-		-
	-		-
	114,986		3,754
\$	114,986	\$	3,754

City of Burton
Statement of Activities
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 1,837,845	\$ 736,276	\$ -	\$ 174,724
Public service	1,987,506	1,407,128	-	-
Public safety	5,422,371	340,248	105,992	8,706
Public works	4,807,487	376,543	2,691,456	1,135,129
Parks and recreation	82,957	-	24,049	-
Planning	88,635	-	-	-
Health and welfare	63,710	-	63,710	-
Interest on long term debt	519,057	-	-	-
Total governmental activities	14,809,568	2,860,195	2,885,207	1,318,559
Business-type activities:				
Water	3,155,517	2,523,334	-	42,523
Sewer	3,131,763	3,348,655	-	64,997
Total business-type activities	6,287,280	5,871,989	-	107,520
Total primary government	\$ 21,096,848	\$ 8,732,184	\$ 2,885,207	\$ 1,426,079
Component Units				
Economic development corporation	\$ -	\$ -	\$ -	\$ -
Downtown development authority	67,028	-	-	-
Total component units	\$ 67,028	\$ - 0 -	\$ - 0 -	\$ - 0 -

General revenues:

Property taxes

Unrestricted state shared revenues

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Gain on disposal of capital assets

Total general revenues and transfers

Excess of Revenue Over Expenses

Special item - special assessment roll change

Transfers

Change in Net Assets

Net Assets - Beginning of year

Net Assets - End of year

The notes to financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Economic Development Corporation
\$ (926,845)	\$ -	\$ (926,845)	\$ -	\$ -
(580,378)	-	(580,378)	-	-
(4,967,425)	-	(4,967,425)	-	-
(604,359)	-	(604,359)	-	-
(58,908)	-	(58,908)	-	-
(88,635)	-	(88,635)	-	-
-	-	-	-	-
(519,057)	-	(519,057)	-	-
(7,745,607)	-	(7,745,607)	-	-
-	(589,660)	(589,660)	-	-
-	281,889	281,889	-	-
-	(307,771)	(307,771)	-	-
(7,745,607)	(307,771)	(8,053,378)	-	-
-	-	-	-	-
-	-	-	(67,028)	-
-	-	-	(67,028)	-
4,588,302	-	4,588,302	35,844	-
2,565,859	-	2,565,859	603	-
291,221	-	291,221	-	-
712,755	596,228	1,308,983	-	22
13,310	-	13,310	-	-
8,171,447	596,228	8,767,675	36,447	22
425,840	288,457	714,297	(30,581)	22
(259,861)	-	(259,861)	-	-
112,541	(112,541)	-	-	-
278,520	175,916	454,436	(30,581)	22
30,869,175	53,553,852	84,423,027	145,567	3,732
\$ 31,147,695	\$ 53,729,768	\$ 84,877,463	\$ 114,986	\$ 3,754

Fund Financial Statements

**City of Burton
Balance Sheet
Governmental Funds
June 30, 2007**

	General	Major Street	Local Street
Assets			
Cash and cash equivalents	\$ 844,594	\$ 976,492	\$ 1,045,738
Receivables (net of allowances for uncollectibles):			
Accounts	562,438	-	2,171
Special assessments	-	-	-
Accrued interest	-	4,517	4,526
Due from:			
Other funds	443,549	-	143,731
Other governments	830,725	375,084	90,247
Inventory	-	-	-
Prepaid items	423,053	-	-
Total assets	\$ 3,104,359	\$ 1,356,093	\$ 1,286,413
Liabilities			
Accounts payable	\$ 225,473	\$ 20,280	\$ 10,702
Accrued liabilities	83,394	12,950	12,579
Deposits	214,349	-	-
Due to other funds	558,506	576,204	-
Deferred revenue	-	-	-
Total liabilities	1,081,722	609,434	23,281
Fund Balances			
Reserved:			
Inventory	-	-	-
Prepaid items	423,053	-	-
Unreserved:			
General fund	1,599,584	-	-
Special revenue funds	-	746,659	1,263,132
Debt service funds	-	-	-
Total fund balances	2,022,637	746,659	1,263,132
Total liabilities and fund balances	\$ 3,104,359	\$ 1,356,093	\$ 1,286,413

The notes to financial statements are an integral part of this statement.

Police	Special Assessment Debt	Other Governmental Funds	Totals Governmental Funds
\$ 76,824	\$ 4,013,507	\$ 153,334	\$ 7,110,489
-	-	8,343	572,952
-	4,802,234	-	4,802,234
-	222,413	-	231,456
202,315	-	210,294	999,889
64,287	-	-	1,360,343
4,793	-	-	4,793
-	-	-	423,053
\$ 348,219	\$ 9,038,154	\$ 371,971	\$ 15,505,209
\$ 109,856	\$ -	\$ 4,440	\$ 370,751
201,195	-	7,352	317,470
-	-	-	214,349
25,855	-	133,683	1,294,248
-	4,802,234	60,249	4,862,483
336,906	4,802,234	205,724	7,059,301
4,793	-	-	4,793
-	-	-	423,053
-	-	-	1,599,584
6,520	-	24,211	2,040,522
-	4,235,920	142,036	4,377,956
11,313	4,235,920	166,247	8,445,908
\$ 348,219	\$ 9,038,154	\$ 371,971	\$ 15,505,209

**City of Burton
Governmental Funds
Reconciliation of the Balance Sheet
to the Statement of Net Assets
Year Ended June 30, 2007**

Fund balances reported in governmental funds \$ 8,445,908

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities (exclusive of internal service funds) are not financial resources and, therefore, are not reported in the funds. 28,197,813

Internal service funds are used by management to charge the costs of fleet management, self insured health care, and technology to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 1,590,475

Long-term liabilities (exclusive of internal service funds), including bond and contract payables, are not due and payable in the current period and therefore are not reported in the funds.

-Bonds payable	(11,615,000)
-Capital leases payable	(139,040)
-Compensated absences	(134,695)

Special assessment revenues to be received in the future are recognized at the government wide level due to being measurable and earned.

4,802,234

Net assets of governmental activities

\$ 31,147,695

The notes to financial statements are an integral part of this statement.

City of Burton
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2007

	General	Major Street	Local Street
Revenue			
Property taxes	\$ 3,413,261	\$ -	\$ -
Special assessments	-	-	-
Licenses and permits	302,998	-	-
Intergovernmental:			
Federal	174,724	68,986	-
State	2,541,528	2,002,805	619,665
Local	-	-	-
Charges for services	375,278	-	-
Fines and forfeits	205,880	-	-
Interest	86,890	87,030	69,868
Miscellaneous	53,276	107	1,994
Total revenue	7,153,835	2,158,928	691,527
Expenditures			
Current			
General government	1,741,789	-	-
Public service	580,911	-	-
Public safety	915,380	-	-
Public works	-	1,185,973	842,840
Parks and recreation	39,007	-	-
Planning	88,635	-	-
Health and welfare	-	-	-
Capital outlay	-	1,200,287	626,673
Debt service			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	3,365,722	2,386,260	1,469,513
Excess of Revenue Over (Under) Expenditures	3,788,113	(227,332)	(777,986)
Other Financing Sources (Uses)			
Sale of property and equipment	9,509	-	-
Transfers in	25,123	-	490,087
Transfers out	(3,879,717)	(797,778)	(35,000)
Total other financing sources (uses)	(3,845,085)	(797,778)	455,087
Special Item - Special Assessment Roll Change	-	-	-
Net Change in Fund Balances	(56,972)	(1,025,110)	(322,899)
Fund Balances - Beginning of year	2,079,609	1,771,769	1,586,031
Fund Balances - End of year	\$ 2,022,637	\$ 746,659	\$ 1,263,132

The notes to financial statements are an integral part of this statement.

Police	Special Assessment Debt	Other Governmental Funds	Total Governmental Funds
\$ 717,112	\$ -	\$ 457,929	\$ 4,588,302
-	930,343	-	930,343
-	-	76,503	379,501
106,364	-	18,949	369,023
23,018	-	9,647	5,196,663
24,625	-	40,866	65,491
57,779	-	1,482,588	1,915,645
125,350	-	-	331,230
13,094	389,571	54,446	700,899
-	-	38,439	93,816
1,067,342	1,319,914	2,179,367	14,570,913
-	-	-	1,741,789
-	-	1,406,595	1,987,506
4,343,367	-	420,036	5,678,783
-	-	-	2,028,813
-	-	-	39,007
-	-	-	88,635
-	-	63,710	63,710
61,435	-	282,828	2,171,223
-	1,025,000	770,000	1,795,000
-	318,116	189,911	508,027
4,404,802	1,343,116	3,133,080	16,102,493
(3,337,460)	(23,202)	(953,713)	(1,531,580)
-	-	-	9,509
3,447,627	342,155	812,852	5,117,844
(110,167)	(7,874)	(382,838)	(5,213,374)
3,337,460	334,281	430,014	(86,021)
-	-	(60,514)	(60,514)
-	311,079	(584,213)	(1,678,115)
11,313	3,924,841	750,460	10,124,023
\$ 11,313	\$ 4,235,920	\$ 166,247	\$ 8,445,908

**City of Burton
Governmental Funds
Reconciliation of the Statement of Revenue, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2007**

Net Change in Fund Balances - Total Governmental Funds **\$ (1,678,115)**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	3,352,667
Depreciation	(2,208,924)
Loss on disposal of capital assets	(17,026)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. These are the effects of these differences in the treatment of long-term debt and related items.

Payments on general obligation debt	1,795,000
Payments on capital lease	49,288
Change in compensated absences	3,824

The net revenue of certain activities of internal service funds is reported with governmental activities.	172,010
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Recognition of special assessment revenue on an accrual basis	<u>(1,190,204)</u>
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Change in Net Assets of Governmental Activities	<u>\$ 278,520</u>
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The notes to financial statements are an integral part of this statement.

**City of Burton
Proprietary Funds
Statement of Net Assets
June 30, 2007**

	Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Totals	
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,407,446	\$ 9,486,084	\$ 10,893,530	\$ 276,447
Receivables:				
Accounts	2,324	703,874	706,198	1,758
Unbilled utility charges	640,700	721,043	1,361,743	-
Tap-in contracts - current	1,433	629	2,062	-
Accrued interest	5,177	49,079	54,256	-
Due from other funds	269,024	-	269,024	398,550
Unamortized bond discount	21,935	-	21,935	-
Inventory	131,032	8,764	139,796	68,982
Total current assets	2,479,071	10,969,473	13,448,544	745,737
Noncurrent assets:				
Restricted cash and cash equivalents:				
Revenue bond covenant accounts	302,882	-	302,882	-
Capital assets not being depreciated	2,114	216,429	218,543	10,050
Capital assets (net of accumulated depreciation)	15,809,204	27,086,621	42,895,825	1,180,707
Other assets:				
Tap-in contracts receivable - long-term	62,023	28,460	90,483	-
Total noncurrent assets	16,176,223	27,331,510	43,507,733	1,190,757
Total assets	18,655,294	38,300,983	56,956,277	1,936,494
Liabilities				
Current liabilities:				
Accounts payable	202,142	14,726	216,868	52,559
Accrued liabilities	12,959	10,822	23,781	2,477
Due to other funds	48,485	317,481	365,966	7,249
Due to other governments	-	469,894	469,894	-
Capital lease payable-current	-	-	-	28,833
Contract payable - current	-	-	-	43,955
Bonds payable - current	100,000	-	100,000	-
Total current liabilities	363,586	812,923	1,176,509	135,073
Noncurrent liabilities:				
Capital lease payable - long term	-	-	-	166,991
Contract payable - long term	-	-	-	43,955
Bonds payable - long term	2,050,000	-	2,050,000	-
Total noncurrent liabilities	2,050,000	-	2,050,000	210,946
Total liabilities	2,413,586	812,923	3,226,509	346,019
Net Assets				
Invested in capital assets, net of related debt	13,661,318	27,303,050	40,964,368	994,933
Restricted for revenue bond reserve	302,882	-	302,882	-
Unrestricted	2,277,508	10,185,010	12,462,518	595,542
Total net assets	\$ 16,241,708	\$ 37,488,060	\$ 53,729,768	\$ 1,590,475

The notes to financial statements are an integral part of this statement.

City of Burton
Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2007

	Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Totals	
Operating Revenue				
Charges for services	\$ 2,441,331	\$ 3,344,837	\$ 5,786,168	\$ 1,736,529
Fines and forfeits	68,089	3,663	71,752	-
Sales of materials	7,307	-	7,307	217,827
Miscellaneous	6,607	155	6,762	231
Total operating revenue	2,523,334	3,348,655	5,871,989	1,954,587
Operating Expenses				
Personal services	631,670	531,807	1,163,477	225,144
Contractual services	47,672	76,716	124,388	74,277
Supplies	42,493	69,358	111,851	366,662
Materials	258,862	-	258,862	173,363
Repairs	-	13,567	13,567	110,672
Equipment rental	101,681	62,688	164,369	-
Utilities	14,932	-	14,932	8,680
Water purchases	1,591,698	-	1,591,698	-
Treatment charges	-	1,973,375	1,973,375	-
Depreciation	328,629	401,576	730,205	282,035
Insurance	-	-	-	587,788
Claims	-	-	-	163,259
Miscellaneous	28,093	2,676	30,769	3,395
Total operating expenses	3,045,730	3,131,763	6,177,493	1,995,275
Operating Income (Loss)	(522,396)	216,892	(305,504)	(40,688)
Nonoperating Revenue (Expenses)				
Interest on investments	96,736	493,103	589,839	11,856
Interest on tap-ins	4,666	1,723	6,389	-
Interest expense and fiscal charges	(108,100)	-	(108,100)	(11,030)
Discount on revenue bonds	(1,687)	-	(1,687)	-
Gain on sale of capital assets	-	-	-	3,801
Total non-operating revenues (expenses)	(8,385)	494,826	486,441	4,627
Income (Loss) - Before contributions and transfers	(530,781)	711,718	180,937	(36,061)
Capital contributions	42,523	64,997	107,520	-
Transfers in	11,704	13,384	25,088	228,939
Transfers out	(70,143)	(67,486)	(137,629)	(20,868)
Change in Net Assets	(546,697)	722,613	175,916	172,010
Net Assets - Beginning of year	16,788,405	36,765,447	53,553,852	1,418,465
Net Assets - End of year	\$ 16,241,708	\$ 37,488,060	\$ 53,729,768	\$ 1,590,475

The notes to financial statements are an integral part of this statement.

**City of Burton
Proprietary Funds
Statement of Cash Flows
Year Ended June 30, 2007**

	Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Totals	
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 2,290,186	\$ 4,993,814	\$ 7,284,000	\$ 1,523,761
Receipts from interfund services provided	-	-	-	-
Payments to suppliers	(1,993,176)	(4,027,757)	(6,020,933)	(1,449,494)
Payments to employees	(635,654)	(529,949)	(1,165,603)	(223,853)
Other operating revenues	82,003	3,818	85,821	218,058
Net cash provided by (used in) operating activities	(256,641)	439,926	183,285	68,472
Cash Flows from Noncapital Financing Activities				
Transfers in	11,704	13,384	25,088	228,939
Transfers out	(70,143)	(67,486)	(137,629)	(20,868)
Net cash provided by (used in) noncapital financing activities	(58,439)	(54,102)	(112,541)	208,071
Cash Flows from Capital and Related Financing Activities				
Proceeds from installment note payable	-	-	-	111,490
Capital contributions	50,738	67,340	118,078	-
Acquisition and construction of capital assets	(104,000)	(122,259)	(226,259)	(527,527)
Proceeds from sale of capital assets	-	-	-	16,146
Interest payments on long term debt	(108,100)	-	(108,100)	-
Principal payments on bonds	(75,000)	-	(75,000)	-
Payments on installment note payable	-	-	-	(23,580)
Payments on capital lease	-	-	-	(27,476)
Interest paid on capital lease	-	-	-	(11,030)
Payments on long-term interfund advances initially used for capital activities	-	-	-	-
Net cash used in capital and related financing activities	(236,362)	(54,919)	(291,281)	(461,977)
Cash Flows from Investing Activities				
Interest on investments	96,238	511,787	608,025	11,856
Interest on tap-ins	4,666	1,723	6,389	-
Net cash provided by investing activities	100,904	513,510	614,414	11,856
Net Increase (Decrease) in Cash and Cash Equivalents	(450,538)	844,415	393,877	(173,578)
Cash and Cash Equivalents - Beginning of year	2,160,866	8,641,669	10,802,535	450,025
Cash and Cash Equivalents - End of year (including \$302,882 reported in restricted accounts in Water Fund)	\$ 1,710,328	\$ 9,486,084	\$ 11,196,412	\$ 276,447

The notes to financial statements are an integral part of this statement.

(continued)

**City of Burton
Proprietary Funds
Statement of Cash Flows (continued)
Year Ended June 30, 2007**

	<u>Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>	
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating Income (Loss)	(522,396)	216,892	(305,504)	(40,688)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	328,629	401,576	730,205	282,035
Insurance proceeds	-	-	-	-
Changes in assets and liabilities:	-	-	-	-
(Increase) decrease in accounts receivable				(1,358)
(Increase) decrease in unbilled utility charges	(732)	(270,445)	(271,177)	-
(Increase) decrease in due from other funds	(65,608)	(53,953)	(119,561)	(211,455)
(Increase) decrease in inventory	(84,805)	-	(84,805)	34,620
Increase (decrease) in accounts payable	35,446	2	35,448	(3,222)
Increase (decrease) in accrued liabilities	55,645	2,638	58,283	1,291
Increase (decrease) in due to other funds	(3,984)	1,858	(2,126)	7,249
Increase (decrease) in due to other governments	1,164	114,136	115,300	-
	-	27,222	27,222	-
Total adjustments	265,755	223,034	488,789	109,160
Net Cash Provided by (Used in) Operating Activities	\$ (256,641)	\$ 439,926	\$ 183,285	\$ 68,472

The notes to financial statements are an integral part of this statement.

**City of Burton
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2007**

	Retiree Health Care Benefits Trust Fund	Agency Funds
Assets		
Cash and cash equivalents		
Bank deposits	\$ -	\$ 128,317
Money market funds	89,444	-
Investment:		
Stocks	748,606	-
Bonds	122,731	-
Government securities	313,835	-
Total assets	<u>1,274,616</u>	<u>128,317</u>
Liabilities		
Accounts payable	<u>24,498</u>	<u>128,317</u>
Total liabilities	<u>24,498</u>	<u>128,317</u>
Net Assets Held in Trust for Other Post-Employment Benefits	<u><u>\$ 1,250,118</u></u>	<u><u>\$ - 0 -</u></u>

The notes to financial statements are an integral part of this statement.

**City of Burton
Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2007**

	Retiree Health Care Benefits Trust Fund
Additions	
Investment income:	
Interest and dividends	\$ 32,805
Net increase (decrease) in fair value of investments	93,837
	<hr/>
Net investment income	126,642
	<hr/>
Contributions:	
Employer	256,334
	<hr/>
Deductions	
Benefit payments	118,671
Administrative expenses	7,735
	<hr/>
Total deductions	126,406
	<hr/>
Net Increase (Decrease) in Net Assets Held in Trust	256,570
	<hr/>
Net Assets Held in Trust for Other Post-Employment Benefits	
Beginning of year	993,548
	<hr/>
End of year	<u><u>\$ 1,250,118</u></u>

The notes to financial statements are an integral part of this statement.

Notes to Financial Statements

City of Burton
Notes to Financial Statements
June 30, 2007

I. Summary of significant accounting policies

The accounting policies of the City of Burton, Michigan (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of Burton, Michigan.

A. Reporting entity

The City of Burton was incorporated April 6, 1972, under the provisions of Act 279, P.A. 1980, as amended (Home Rule City Act). The City operates a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police, fire, and inspections), highways and streets, sanitation, parks and recreation, public improvements, planning and zoning, and general administrative services.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legal separate entities in substance, they are part of the City's operations. Each discretely component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the City.

Blended component units:

City of Burton Building Authority: (Debt Service Governmental Fund)

- * Serves all citizens
- * The City appoints the governing board
- * The Authority was established for the specific purpose of financing building construction activities for the City

Discretely presented component units:

City of Burton Downtown Development Authority (DDA): (Governmental Activity)

- * Was created under State law to promote and develop the downtown area
- * City appoints governing board
- * City approves budget of Authority
- * City must approve any tax levy of the Authority
- * Surplus funds existing at termination of Authority vest to the City

City of Burton Economic Development Corporation (EDC): (Governmental Activity)

- * Was created under State law to provide financing and development opportunities for businesses located within the City
- * The City appoints the governing board and management of the Corporation
- * The City provides in-kind contributions to the Corporation
- * Surplus funds existing at the termination of the Corporation vest to the City

City of Burton
Notes to Financial Statements
June 30, 2007

I. Summary of significant accounting policies - (continued)

A. Reporting entity - (continued)

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices.

Burton Downtown Development Authority
4303 S. Center Road
Burton, Michigan 48519

Burton Economic Development Corporation
4303 S. Center Road
Burton, Michigan 48519

The Burton Building Authority did not issue separate financial statements at June 30, 2007.

B. Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct* expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenue*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund, fiduciary fund and component unit financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as they are both measurable and available. Revenue is considered to be *available* if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight revenue, and interest associated with the current fiscal period. Conversely, special assessments and

City of Burton
Notes to Financial Statements
June 30, 2007

I. Summary of significant accounting policies - (continued)

C. Measurement focus, basis of accounting, and financial statement presentation: - (continued)

federal grants reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a “deferred revenue” liability.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The City reports the following major governmental funds:

The General Fund is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major and Local Street Funds account for the operations of the City's street maintenance department. Financing for the activities of these funds is provided primarily by State Gasoline Taxes (Act 51 Funds). Use of Act 51 funds is restricted with certain exceptions to defraying the cost of maintaining major and local streets in the City.

The Police Fund accounts for revenues generated by the extra voted police millage. An additional one mill was levied, beginning in 1984, against the real and personal property in the City of Burton for the purpose of providing funds for the operation of the City of Burton Police Department.

The Special Assessment Debt Service Fund accounts for money accumulated for the repayment of special assessment debt with governmental commitment. The debt is paid with collections of special assessments levied on specific properties. The City has pledged its limited tax full faith and credit for repayment of the bonds should any defaults on the collections occur. There are five types of special assessment activities which are: paving improvements, watermain improvements, storm drainage improvements, sanitary sewer improvements, and sidewalk improvements.

The City reports the following major proprietary funds:

The Water Supply and Sewer Disposal System are managed by the City’s Department of Public Works. Separate funds are maintained for the operations of the water distribution system and sewage collection, pumping and distribution to the County’s treatment plant.

Additionally, the City reports the following internal service and fiduciary activities:

Internal service funds account for self insurance, motor pool services and technology provided to other departments of the City on a cost reimbursement basis.

The City reports a Retiree Health Care Trust Fund to account for the segregation of resources to pay for these benefits.

The Agency Funds account for the collection and payment to the county, school districts, and other City funds of property taxes collected by the City on their behalf.

City of Burton
Notes to Financial Statements
June 30, 2007

I. Summary of significant accounting policies - (continued)

C. Measurement focus, basis of accounting, and financial statement presentation: - (continued)

Private sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available the City's policy is to first apply restricted resources.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of our proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Property tax revenue:

Property taxes attach as an enforceable lien on property as of December 31. City taxes are levied on the following July 1 and are payable without penalty through September 30. The City bills and collects its own property taxes, and also taxes for the County and several school districts within its jurisdiction. Collections and remittances of the County and school taxes are accounted for in the Current Tax Agency Fund. City property tax revenues are recognized as revenues in the fiscal year levied to the extent that they are measurable and available.

Property taxes are levied based on assessed values of property located in the City. Assessed values are established and equalized by the state at an estimated 50% of current market value. A comparison of assessed and taxable property values for the 2006 tax levy is as follows:

	<u>Assessed Value</u>	<u>Taxable Value</u>
Real property	\$852,789,152	\$689,908,881
Personal property	53,938,310	53,938,310
Total	<u>\$906,727,462</u>	<u>\$743,847,191</u>

City of Burton
Notes to Financial Statements
June 30, 2007

I. Summary of significant accounting policies - (continued)

D. Property tax revenue: - (continued)

The City is permitted by charter to levy up to \$5.00 (5 mills) per \$1,000 of state equalized value for general governmental services and \$2.00 (2 mills) per \$1,000 for development of the downtown district (DDA - a component unit). For the year ended June 30, 2007, the City and the DDA levied 4.7070 mills for general government services and 1.8923 mills for development of the downtown district, respectively. Beginning in 1984, the voters approved an additional levy of \$1.00 (1 mill) per \$1,000 of state equalized value to be levied for police services. For the year ended June 30, 2007, the City levied .9876 mills for police services. The police millage was approved in November 2003 for another 20 years starting with the 2005 tax levy. For the year ended June 30, 2007, \$.65 per \$1,000 of state equalized valuation was being levied for debt retirement. These amounts are recognized in the respective General, Special Revenue, and Debt Service Funds financial statements as tax revenue.

E. Assets, liabilities, and net assets or equity:

1. Bank deposits, and investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

2. Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

3. Inventory and prepaid items

Inventories are valued at cost for governmental funds, and the lower of cost or market in proprietary funds, using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure/expense at the time individual inventory items are consumed.

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted assets

The revenue bonds of the Enterprise Funds require amounts to be set aside for a bond reserve. These amounts have been classified as restricted assets.

City of Burton
Notes to Financial Statements
June 30, 2007

I. Summary of significant accounting policies - (continued)

E. Assets, liabilities, and net assets or equity: - (continued)

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. All infrastructure assets acquired prior to the implementation of SGAS 34 have been reported. Capital assets are defined by the City as assets with an initial individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Land and building improvements	15-30
Sewer and water system	65-100
Vehicles	5
Office equipment	5
Machinery and equipment	7
Federal grant equipment	5
Streets, drains, bridges, signals	20-50

6. Accumulated unpaid vacation and sick pay

All City employees are paid for unused sick days on an annual basis. Employees are required to take a minimum number of vacation days by December 31. The remaining available days are paid to the employee the following January.

Accumulated vested unpaid sick and vacation pay at June 30, 2007, is recorded in the government-wide and proprietary fund financial statements. A liability for these amounts is recorded in the governmental funds (generally within General Fund, Major and Local Street Special Revenue Funds, and Police Millage Special Revenue Funds) only if they have matured, for example, as a result of employee resignations and retirements.

City of Burton
Notes to Financial Statements
June 30, 2007

I. Summary of significant accounting policies - (continued)

E. Assets, liabilities, and net assets or equity: - (continued)

7. Long-term obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

8. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

10. Comparative data reclassifications

Comparative total data for the prior year has been presented in the other supplementary information section of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

City of Burton
Notes to Financial Statements
June 30, 2007

II. Stewardship, Compliance and Accountability

A. Construction code fees

The State Construction Code Act, Michigan Public Act 245 of 1999, and rules promulgated by the Department of Treasury regarding that Act, require that a local unit's fees collected from construction code permits be accounted for in a method which shows that all of these fees were used for expenditures related to the operation of the enforcing agency. These rules allowed for monitoring these funds in a separate activity center within the General Fund if the expenditures would normally exceed revenues. The City chose to include the revenues and expenditures in a separate fund. The activity related to construction code activity for the year ended June 30, 2007 is as follows:

Beginning cumulative expenditures over revenues		\$ (218,911)
Construction permit revenue	\$ 97,358	
Expenditures:		
Professional services	<u>333,277</u>	
Revenue under expenditures		<u>(235,919)</u>
Ending cumulative expenditures over revenues		<u>\$(454,830)</u>

B. Fund deficit

The building department special revenue fund has a \$137,905 fund balance deficit. A General Fund transfer was approved in fiscal year 2008 to eliminate the deficit.

III. Detail notes on all funds

A. Assets and liabilities

1. Deposits and investments

Michigan Compiled Laws section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivision, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The City has designated three banks for the deposit of its funds, Citizens Bank, JP Morgan Chase Bank, and LaSalle Bank. The investment policy adopted by the Council in accordance with Public Act 196 of 1997 has authorized all investments as listed above. The City's deposits and investment policies are in accordance with statutory authority.

City of Burton
Notes to Financial Statements
June 30, 2007

III. Detail notes on all funds - (continued)

A. Assets and liabilities - (continued)

1. Deposits and investments - (continued)

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial credit risk of bank deposits:

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the City had \$10,927,063 of bank deposits (certificates of deposit, checking and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the city evaluates each financial institution it deposits funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Component units:

The City's total component unit bank deposits are \$3,754, all of which are insured and collateralized.

Custodial credit risk of investments:

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. At year end, the following investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

<u>Type of Investment</u>	<u>Carrying Value</u>	<u>How Held</u>
U.S. gov. or agency bond or notes (Retiree Health Care)	\$313,835	Counterparty's trust dept
Corporate bonds (Retiree Health Care)	122,731	Counterparty's trust dept
Corporate stocks (Retiree Health Care)	748,605	Counterparty's trust dept

Interest rate risk:

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270 day maturity. As of June 30, 2007, the City had the following investments and maturities:

	<u>Fair Value</u>	<u>Less than One Year</u>	<u>1 – 10 Years</u>	<u>More than 10 Years</u>
U.S. gov. or agency bond or notes	\$313,835	\$ -	\$227,391	\$ 86,444
Corporate Bonds	122,731	-	122,731	-
	<u>\$436,566</u>	<u>\$ -0-</u>	<u>\$350,122</u>	<u>\$ 86,444</u>

City of Burton
Notes to Financial Statements
June 30, 2007

III. Detail notes on all funds - (continued)

A. Assets and liabilities - (continued)

1. Deposits and investments - (continued)

Interest rate risk: - (continued)

The balances in the U.S. Agencies, Corporate Bonds and Corporate Equities are held by the Retiree Health Care Special Revenue Fund adopted by the City in accordance with P.A. 149 of 1999 of the State of Michigan.

Credit risk:

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Bank investment pool	\$7,935,047	Not rated	-
Corp. bonds	14,543	AAA	S & P
Corp. bonds	15,448	AA	S & P
Corp. bonds	48,296	AA-	S & P
Corp. bonds	44,443	A+	S & P

Component unit:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Bank investment pool	\$127,710	Not rated	-

Concentration of credit risk:

The City places no limit on the amount the district may invest in any one issuer. The City has no investment in one issuer that is more than 5 percent of the City's investments.

City of Burton
Notes to Financial Statements
June 30, 2007

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

2. Receivables

Receivables as of year end for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental activities and fiduciary funds:

	<u>General</u>	<u>Major Street</u>	<u>Local Street</u>	<u>Police</u>	<u>Special Assessment Debt</u>
Receivables:					
Accounts	\$ 562,438	\$ -	\$ 2,171	\$ -	\$ -
Special assessments	-	-	-	-	4,802,234
Interest	-	4,517	4,526	-	222,413
Gross and net receivables	<u>\$ 562,438</u>	<u>\$ 4,517</u>	<u>\$ 6,697</u>	<u>\$ -0-</u>	<u>\$ 5,024,647</u>

	<u>Nonmajor Other Funds</u>	<u>Internal Service</u>	<u>Total</u>
Receivables: - (continued)			
Accounts	\$ 8,343	\$ 1,758	\$ 574,710
Special assessments	-	-	4,802,234
Interest	-	-	231,456
Gross and net receivables	<u>\$ 8,343</u>	<u>\$ 1,758</u>	<u>\$5,608,400</u>

No allowance for uncollectible accounts was deemed necessary for the outstanding receivables.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Special assessments not yet due	\$4,802,234	\$ -
Senior citizens millage revenue	-	60,249

Business Type Activities:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Receivables:			
Accounts – all types	\$706,480	\$1,454,006	\$2,160,486
Interest	5,177	49,079	54,256
Gross and net receivable	<u>\$711,657</u>	<u>\$1,503,085</u>	<u>\$2,214,742</u>

No allowance for uncollectible accounts was deemed necessary.

City of Burton
Notes to Financial Statements
June 30, 2007

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

3. Capital assets

Capital asset activity for the year ended June 30, 2007 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 167,809	\$ 65	\$ -	\$ 167,874
Total capital assets, not being depreciated	167,809	65	-	167,874
Capital assets, being depreciated:				
Buildings	6,051,045	11,012	-	6,062,057
Improvements other than buildings	1,020,852	41,020	-	1,061,872
Machinery, vehicles, and equipment	7,165,307	952,229	(241,318)	7,876,218
Infrastructure	35,545,874	2,875,868	(461,482)	37,960,260
Total capital assets being depreciated	49,783,078	3,880,129	(702,800)	52,960,407
Less accumulated depreciation for:				
Buildings	3,056,196	187,028	-	3,243,224
Improvements other than buildings	513,777	46,166	-	559,943
Machinery, vehicles, and equipment	4,807,132	496,715	(211,947)	5,091,900
Infrastructure	13,545,076	1,761,048	(461,480)	14,844,644
Total accumulated depreciation	21,922,181	2,490,957	(673,427)	23,739,711
Total capital assets, being depreciated, net	27,860,897	1,389,172	(29,373)	29,220,696
Governmental activities capital assets, net	\$28,028,706	\$1,389,237	\$ (29,373)	\$29,388,570

City of Burton
Notes to Financial Statements
June 30, 2007

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

3. Capital assets - (continued)

Primary Government – (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	400,137	92,286	(273,880)	218,543
Total capital assets, not being depreciated	400,137	92,286	(273,880)	218,543
Capital assets, being depreciated:				
Improvements other than buildings	56,817,013	403,475	-	57,220,488
Machinery and equipment	546,500	4,377	-	550,877
Total capital assets, being depreciated	57,363,513	407,852	-	57,771,365
Less accumulated depreciation for:				
Improvements other than buildings	13,762,251	690,022	-	14,452,273
Machinery and equipment	383,084	40,183	-	423,267
Total accumulated depreciation	14,145,335	730,205	-	14,875,540
Total capital assets, being depreciated, net	43,218,178	(322,353)	-	42,895,825
Business-type activities capital assets, net	<u>\$43,618,315</u>	<u>\$(230,067)</u>	<u>\$(273,880)</u>	<u>\$43,114,368</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Current:

General government	\$ 214,920
Public service	1,761,047
Public safety	188,942
Public works	282,034
Parks and recreation	44,014

Total depreciation expense – governmental activities	<u>\$2,490,957</u>
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Business-type activities:

Water	\$ 401,576
Sewer	328,629

Total depreciation expense – business-type activities	<u>\$ 730,205</u>
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City of Burton
Notes to Financial Statements
June 30, 2007

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

3. Capital assets - (continued)

Construction commitments:

The government has active construction projects as of June 30, 2007. The projects include street construction in areas with newly developed housing, widening and construction of existing streets and bridges. At year end the government's commitments with contractors was not significant.

The special assessment portion of the commitment for residential street construction is being financed by special assessment bonds that will be repaid by the benefiting property owners.

Construction in progress represents water and sewer utility lines being completed. At year end, there are no unrecorded liabilities or material commitments related to these construction projects.

5. Retirement plan - defined benefit

Plan description

The City of Burton has elected to participate in the Michigan Municipal Employees Retirement System (MERS), an agent multiple-employer pension plan that covers all employees of the City. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system as a whole. That report may be obtained by writing to Municipal Employees' Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917.

Effective dates for participation in the plan differ by employee bargaining group. The effective dates are as follows:

March 1, 1992 - AFSCME Hourly Employees and Administrative/Non-union

July 1, 1996 - Police Union (POAM and COAM) and Supervisors Union (SEIU)

Upon the effective date for each respective bargaining group, all full time employees of the City are eligible to participate in the plan.

Membership in the plan at December 31, 2006, the date of the latest actuarial valuation, is comprised of 98 active members, 13 inactive vested members, and 43 retirees and beneficiaries.

The plan provides for vesting of benefits after 10 or 6 years of service. Participants may elect normal retirement at age 60 with 6 or more years of service. The plan also provides for early retirement at 25 years service, and age 55 with 15 or more years of service. Election of early retirement is subject to reduction of benefits as outlined below.

Participants of all four groups are entitled to a retirement benefit equal to the credited service at the time of membership termination multiplied by 2.25% or 2.5% of the member's final average compensation (F.A.C.). The retirement allowance is reduced by 1/2% of 1% for each complete month that the retirement date precedes the age at which full normal retirement benefits are available.

City of Burton
Notes to Financial Statements
June 30, 2007

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

5. Retirement plan - defined benefit – (continued)

Funding policy

The plan provides that the employer/employees contribute amounts necessary to fund the actuarially determined benefits. AFSCME Union employees are required to contribute 5.04% of eligible compensation and Police Unions (POAM and COAM) are required to contribute 4.71% of eligible compensation. The other employee groups are not required to contribute to the plan. The City makes employer contributions in accordance with funding requirements determined by MERS' actuary. Benefit provisions and contribution obligations have been established by union contract.

The City forwarded \$93,256 of pension contributions withheld from employees during the year ended June 30, 2007.

Actuarial assumptions

The significant actuarial assumptions used to compute the actuarial accrued liabilities are as follows:

Valuation date	December 31, 2006
Actuarial cost method	Entry age normal cost method
Amortization method	Level percentage of payroll
Remaining amortization period	31 years open
Asset valuation method	10 year smoothed market
Investment rate of return	8.0 %
Projected salary increases	4.5%
Includes inflation at	4.5%
Cost of living adjustments (COLA)	up to 2.5%

Annual pension cost

The City's Annual Required Contribution (ARC) and Annual Pension Cost (APC) for the year ended June 30, 2007 was \$1,271,532. All employer contributions made were equal to required contributions by MERS. There was no accumulated Net Pension Obligation (NPO) at June 30, 2007. The Annual Pension Cost (APC), percentage of APC contributed, and Net Pension Obligation (NPO) for the years ended June 30, 2007, 2006, and 2005 are summarized as follows:

Pension Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Liability Entry Age (AAL) (b)	Actuarial Accrued AAL (UAAL) (b-a)	Unfunded (Over funded) Funded Ratio (a/b)	Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/c)
12/31/04	\$12,819,586	\$28,281,601	\$15,462,015	45.3%	\$4,224,907	366.0%
12/31/05	13,845,736	30,641,070	16,795,334	45.2	4,351,507	385.3
12/31/06	15,212,229	32,628,125	17,415,896	46.6	4,572,971	380.0

City of Burton
Notes to Financial Statements
June 30, 2007

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

5. Retirement Plan - defined benefit - (continued)

Annual pension cost - (continued)

<u>Annual Pension Cost (APC)</u>	<u>% of APC Contributed</u>	<u>Net Pension Obligation</u>
\$1,054,119	100.0%	\$ -
1,107,569	100.0	-
1,271,532	100.0	-

6. Leases

Capital Leases – The City has entered into lease agreements for financing the purchase of 2 fire engines at a cost of \$396,402 and 3 DPW vehicles at a cost of \$274,433. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The future minimum lease obligations and the net present value are as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
2008	\$ 90,589
2009	90,589
2010	90,589
2011	38,507
2012	38,507
2013	<u>38,506</u>
Total minimum lease payments	387,287
Less amount representing interest	<u>52,423</u>
Present Value	<u><u>\$334,864</u></u>

City of Burton
Notes to Financial Statements
June 30, 2007

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

6. Long-term debt

Long-term liability activity for the year ended June 30, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Government activities					
Bonds payable:					
General obligation bonds	\$ 4,070,000	\$ -	\$ (770,000)	\$3,300,000	\$575,000
Special assessment debt with government commitment	9,340,000	-	(1,025,000)	8,315,000	980,000
Total bonds payable	13,410,000		(1,795,000)	11,615,000	1,555,000
Capital leases	411,627	-	(76,763)	334,864	72,477
Installment purchase agreement	-	111,490	(23,580)	87,910	43,955
Compensated absences (accrued liabilities)	138,519	134,695	(138,519)	134,695	134,695
Governmental activity long-term liabilities	<u>\$13,960,146</u>	<u>\$246,185</u>	<u>\$(2,033,862)</u>	<u>\$12,172,469</u>	<u>\$1,806,127</u>
Business-type activities					
Bonds payable:					
Revenue bonds	<u>\$2,225,000</u>	<u>\$ -</u>	<u>\$(75,000)</u>	<u>2,150,000</u>	<u>\$100,000</u>
Total bonds payable	<u>2,225,000</u>	<u>-</u>	<u>(75,000)</u>	<u>2,150,000</u>	<u>100,000</u>
Business-type activity Long-term liabilities	<u>\$2,225,000</u>	<u>\$ -0-</u>	<u>\$(75,000)</u>	<u>\$2,150,000</u>	<u>\$100,000</u>

City of Burton
Notes to Financial Statements
June 30, 2007

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

6. Long-term debt - (continued)

General obligation debt and accrued liabilities:

The City was a participant in the county-wide sanitary sewer construction program. This program was financed by general obligation debt issued by Genesee County. The City was obligated to assume the portion of the total debt for the construction of the sewer system within its boundaries. The Act 51 debt is backed by future intergovernmental Act 51 funds and other general funds of the City. Significant details regarding the City's obligations under this program, and details regarding other long-term accrued liabilities, are as follows:

General Obligation <u>Debt</u>	Final <u>Payment Due</u>	Interest Rate <u>or Range</u>	Annual Principal Payment <u>Varies Between</u>	Outstanding Balance June 30, <u>2007</u>	Amount Due in One <u>Year</u>
System #1 - Trunks #2	June 1, 2008	5.25 - 5.5%	\$140,000	\$ 140,000	\$140,000
System #1 - Laterals #2	June 1, 2008	5.25 - 5.4	100,000	100,000	100,000
Michigan Act 51 Transportation Bonds - 1998 Series	Feb 1, 2013	4.0 - 6.0	200,000-250,000	1,400,000	200,000
Building Authority Refunding	Oct 1, 2008	4.25 - 5.0	85,000	85,000	85,000
Building Authority Bonds Series 2004	April 1, 2021	5.0	50,000-150,000	<u>1,575,000</u>	50,000
				3,300,000	
Installment agreement - BS&A Software	June 30, 2009	0.00	\$ 43,955	87,910	43,955
Accumulated vacation and sick pay				<u>134,695</u>	
				<u><u>\$3,522,605</u></u>	

City of Burton
Notes to Financial Statements
June 30, 2007

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

6. Long-term debt - (continued)

General obligation debt and accrued liabilities: - (continued)

Debt Service Requirements:

	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
Year Ended 6-30-2008	\$ 769,693	\$ 618,955	\$150,738
6-30-2009	442,967	318,955	124,012
6-30-2010	436,525	325,000	111,525
6-30-2011	421,575	325,000	96,575
6-30-2012	431,425	350,000	81,425
6-30-2013 to 6-30-2017	1,095,400	850,000	245,400
6-30-2018 to 6-30-2021	673,350	600,000	73,350
	<u>\$4,270,935</u>	<u>\$3,387,910</u>	<u>\$883,025</u>

Interest is payable on all bond obligations semi-annually, most generally on April 1 or June 1, October 1 or December 1, and August 1 or February 1. Principal installments are paid annually on February 1, April 1, June 1, or October 1. Capital lease payments are payable annually on October 20 and July 10.

Special assessment debt with governmental commitment:

The special assessment debt was issued to finance capital projects that will be repaid wholly from special assessments levied against benefited property owners. Currently, there are \$83,799 in special assessments that are considered delinquent. These delinquent assessments are part of the City's total delinquent taxes at June 30, 2007, and are expected to be paid in full by the Genesee County Revolving Fund. As additional security, the City has pledged either its limited or full faith and credit for the payment of the principal and interest thereon. Significant details regarding special assessment bonds are presented:

<u>Date of Issue</u>	<u>Final Payment Year Ended</u>	<u>Interest Rate or Range</u>	<u>Principal Amount or Range</u>	<u>Outstanding Balance June 30, 2007</u>	<u>Amount Due in One Year</u>
5-1-1996	6-30-2008	5.6%	\$75,000	\$ 75,000	\$ 75,000
5-1-1997	6-30-2009	5.2	30,000	60,000	30,000
5-1-1998	6-30-2018	4.6 - 5.2	15,000 - 75,000	395,000	75,000
10-1-1998	6-30-2014	4.2 - 4.35	90,000 - 100,000	690,000	100,000
5-1-1999	6-30-2014	4.2 - 4.8	150,000 - 175,000	1,150,000	175,000

City of Burton
Notes to Financial Statements
June 30, 2007

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

6. Long-term debt - (continued)

Special assessment debt with governmental commitment: - (continued)

<u>Date of Issue</u>	<u>Final Payment Year Ended</u>	<u>Interest Rate or Range</u>	<u>Principal Amount or Range</u>	<u>Outstanding Balance June 30, 2007</u>	<u>Amount Due in One Year</u>
6-1-2003	6-30-2018	2.0 - 3.55%	\$25,000 - 50,000	\$ 375,000	\$ 50,000
6-1-2003	6-30-2019	2.0 - 3.65	200,000	2,400,000	200,000
4-1-2004	6-30-2019	2.25 - 4.25	125,000 - 150,000	1,650,000	150,000
9-1-2004	6-30-2020	2.5 - 4.1	100,000 - 125,000	<u>1,520,000</u>	<u>125,000</u>
				<u>\$8,315,000</u>	

Debt Service Requirements:

	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
Year Ended 6-30-2008	\$1,261,651	\$ 980,000	\$ 281,651
6-30-2009	1,131,066	880,000	251,066
6-30-2010	1,047,760	825,000	222,760
6-30-2011	985,082	790,000	195,082
6-30-2012	937,257	770,000	167,257
6-30-2013 to 6-30-2017	3,503,430	3,055,000	448,430
6-30-2018 to 6-30-2020	<u>1,059,664</u>	<u>1,015,000</u>	<u>44,664</u>
	<u>\$9,925,910</u>	<u>\$8,315,000</u>	<u>\$1,610,910</u>

All General Obligation and Special Assessment Debt are supported by the City's "unlimited tax" or "limited tax" full faith and credit.

Business-type Activity:

Revenue bonds:

The Water Fund has revenue bonds, Series 1998, outstanding in the amount of \$2,150,000 at June 30, 2007. Significant details regarding the outstanding revenue bond is presented below:

<u>Date of Issue</u>	<u>Final Payment Date</u>	<u>Interest Rate</u>	<u>Annual Principal Payment Range</u>	<u>Outstanding Balance June 30, 2007</u>	<u>Amount Due in One Year</u>
1998	December 1, 2019	4.3% - 5.1%	\$75,000 - \$200,000	<u>\$2,150,000</u>	<u>\$100,000</u>

City of Burton
Notes to Financial Statements
June 30, 2007

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

6. Long-term debt - (continued)

Debt service requirements:

		<u>Total</u>	<u>Principal</u>	<u>Interest</u>
Year Ended	6-30-2008	\$ 203,525	\$ 100,000	\$103,525
	6-30-2009	198,525	100,000	98,525
	6-30-2010	242,538	150,000	92,538
	6-30-2011	235,488	150,000	85,488
	6-30-2012	228,325	150,000	78,325
	6-30-2013 to 6-30-2017	1,170,412	900,000	270,412
	6-30-2018 to 6-30-2021	645,500	600,000	45,500
		<u>\$2,924,313</u>	<u>\$2,150,000</u>	<u>\$774,313</u>

Interest is payable semi-annually.

Principal is paid on an annual basis.

Revenue bonds are secured by future revenues of the Water Enterprise Fund.

Interest is payable on all obligations semi-annually. Principal is paid on an annual basis.

The bonds are subject to redemption prior to maturity at the option of the City.

Act 279, Public Acts of Michigan 1909, as amended, provides that net indebtedness of cities cannot exceed 10% of the assessed real and personal property in the city. As of June 30, 2007, the City of Burton had a total debt limit of \$90,496,506. According to Act 279, the Building Authority Bonds are included in the 10% debt limit computation and all other debt incurred by the City at June 30, 2007, is specifically exempted from the computation. Therefore, the City could incur \$82,181,506 of additional general obligation debt as of June 30, 2007.

7. Risk management

The City of Burton is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (worker's compensation), as well as medical benefits provided to employees. The City participates in the Michigan Municipal League self insurance pool for general liability, property loss, professional, public officials errors and omissions liabilities. In addition, the City participates in a separate pool which provides coverage for workers' compensation claims. The City is self insured to for medical benefits provided to employees. The City is on the reimbursement method of payment for unemployment compensation claims. Settled claims for insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

City of Burton
Notes to Financial Statements
June 30, 2007

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

7. Risk management – (continued)

A. Self Insurance Fund – Health Care

During the year ended June 30, 2007, the City continued a self insurance health care plan. Under the plan, the City self funds the cost of claims of each employee for the first \$25,000 of annual cumulative claims or \$774,045 in total claims for the whole plan. The City has purchased commercial insurance for any claims in excess of the aggregate amounts. The City's plan has not recorded any liability for incurred, but not reported, claims due to the fact that any such claims would be covered by the reinsurance policy that is in place. The City reached the cumulative cap for self-funding of its claims, and as such, any future claims related to the year ended June 30, 2007 would be paid by the reinsurance coverage in force. The reconciliation of total claims liability during the years ended June 30, 2007 and 2006 are as follows:

	<u>2007</u>	<u>2006</u>
Claims liability beginning of fiscal year	\$ -	\$ -
Provision for incurred claims expenses	585,941	721,093
Payments made for claims	<u>(585,941)</u>	<u>(721,093)</u>
Claims liability end of fiscal year	<u>\$ -0-</u>	<u>\$ -0-</u>

B. General liability and property loss

The Michigan Municipal League self insurance risk pool operates as a common risk - sharing management program for local units of government in Michigan; member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. The City currently has a \$1,000 deductible for each and every loss on all lines of coverage. The risk pool's normal coverage will pay losses up to \$1,000,000 and the pool's reinsurance will cover losses from \$1,000,000 to \$5,000,000. Any liability for losses which exceed this amount would remain with the City. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years, therefore, an adjustment for incurred but not reported claims has not been accrued.

C. Workers compensation

The City is a member of the Michigan Municipal Workers Compensation Self Insurer's Fund. Premiums from participants are combined to provide all members with coverage for claims. The premiums and interest thereon are used to pay claims, administrative expenses and to purchase reinsurance to protect the fund from exceptionally large losses. In the event of a deficit in a fund year assessments could be made against the members. The City has never incurred any losses which exceeded the insured amount.

City of Burton
Notes to Financial Statements
June 30, 2007

II. Detail notes on all funds - (continued)

A. Assets and liabilities: - (continued)

8. Post-employment health care benefits

Substantially all employees of the AFSCME, SEIU, POAM, COAM and Administrative group are eligible for post-employment health care benefits. To be eligible, employees at the time of retirement must have obtained a minimum combined number of total of age and years of service points. For retirements prior to July 1, 2001, the City provides a \$100/month stipend towards health insurance coverage to retirees paid by various funds. These benefits are provided by a contractual agreement and are paid annually by various funds. The amounts are recorded as an expenditure when the fund liability is incurred. The benefit amounts incurred totaled \$3,600 during the year ended June 30, 2007. There were three eligible retirees at June 30, 2007. For retirements after July 1, 2001, the City provides retiree health insurance coverage to retirees paid by the retiree health care fund. The amounts are recorded as expenditures when the fund liability is incurred. The benefit amounts incurred totaled \$117,787 during the year ended June 30, 2007. There were 24 eligible retirees at June 30, 2007.

Upcoming reporting change:

The Governmental Accounting Standards Board has recently released Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2009. Management is currently assessing the impact of this new accounting standard on the City's financial statement for future reporting periods.

B. Interfund receivables, payables, and transfers:

The composition of interfund balances as of June 30, 2007 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Other Governmental Funds	\$ 133,683
	Major Street	256,964
	Water Utility	25,574
	Sewer Utility	27,328
Local Street	General Fund	16,072

City of Burton
Notes to Financial Statements
June 30, 2007

II. Detail notes on all funds - (continued)

B. Interfund receivables, payables, and transfers: - (continued)

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	Major Street	120,410
	Internal Service	7,249
Police Millage	General	202,315
Other Governmental Funds	General	210,294
Internal Service	General	129,825
	Major Street	198,830
	Police Millage	25,855
	Water Utility	22,911
	Sewer Utility	21,129
Water Utility	Sewer Utility	269,024
Total		<u>\$1,667,463</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are comprised of the following:

<u>Fund Providing Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
General Fund	Police Fund	\$3,447,627
General Fund	Other governmental funds	352,949
General Fund	Internal service funds	79,141
Major Street Fund	Local Street Fund	488,387
Major Street Fund	Other governmental funds	309,391
Local Street Fund	Other governmental funds	35,000
Police Fund	Other governmental funds	101,769
Police Fund	Internal service funds	8,398
Special Assessment Debt	General Fund	7,874
Internal Service Funds	Other governmental funds	13,743
Sewer Fund	Internal service funds	67,486
Water Fund	Internal service funds	66,789
Water Fund	Special Assessment Debt Fund	3,354
Internal service funds	Internal service funds	7,125
Other governmental funds	General Fund	17,249
Other governmental funds	Special Assessment Debt Fund	338,801
Other governmental funds	Sewer Fund	13,384
Other governmental funds	Water Fund	11,704
Other governmental funds	Local Street Fund	1,700
		<u>\$5,371,871</u>

City of Burton
Notes to Financial Statements
June 30, 2007

II. Detail notes on all funds - (continued)

B. Interfund receivables and payables: - (continued)

The transfers from the General Fund to the Police Fund represent the use of unrestricted resources to finance that program, in accordance with budgetary authorizations; the transfer from the Major Street Fund to the Local Street Fund represents the sharing of gas and weight tax revenues, in accordance with Act 51; the transfer from the General Fund, Major Street Fund, and Police Fund to the other governmental funds represents the movement of resources to be used to service Major Street Fund debt and building authority debt; the transfers from the Water and Sewer funds to the internal service funds for the purchase of equipment.

III. Summary disclosure of significant contingencies and commitments

Contingent liabilities:

1. Federal programs

The City participates in various federally assisted programs. These programs are subject to compliance audits in accordance with the Single Audit Act. A single audit was not required since the City did not expend more than \$500,000 in federal funds. The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time, although, the City expects such amounts to be immaterial.

2. Special assessment projects

The City also is involved in many special assessment improvement projects, whereby property owners benefiting from the improvement are assessed their fair share of the project cost. In accordance with state law, project assessments that exceed total actual costs by more than 5% are required to be adjusted downward to actual cost. Property owners who may have paid the assessment in full are refunded their pro-rata share of the over-assessment. As of June 30, 2007, the determination of compliance with the 5% rule for several projects in progress had not yet been made. Management believes that the potential liability to the City for repayment of over-assessments, if any, would not materially affect the operations or financial condition of the City.

IV. Federal awards

It is required by the Michigan Department of Transportation (MDOT) that governmental units report total federal awards for Highway Research, Planning and Construction pertaining to their unit. However, only the federal awards applicable to force account expenditures are required to be audited for compliance under the Single Audit Act. The reason for this requirement is that the City is required to have accounting and administrative control over the force account portion while the balance is administered by MDOT.

During the year ended June 30, 2007, the City of Burton did not have over \$500,000 in total federal awards. As a result, an audit for compliance under the Single Audit Act has not been performed.

V. Restatements

The City restated the following items for correction of errors (clarification of the restricted nature of Retiree Health Care Benefits as adopted by Public Act 149 of 1999) in reporting certain activities at June 30, 2007. Net assets of governmental activities at the government-wide level were restated from \$31,862,723 to \$30,869,175 and the governmental funds fund balance was restated from \$11,117,571 to \$10,124,023 to report the Retiree Health Care Benefits Fund as a trust fund instead of a special revenue fund according to PA 149 of 1999.

**Required Supplementary
Information Section**

City of Burton
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
Year Ended June 30, 2007
With Comparative Actual Totals for the Year Ended June 30, 2006

	Budget Amounts		Actual	Variance- Under (Over)	2006 Actual
	Original	Final			
Revenue					
Property taxes	\$ 3,504,060	\$ 3,504,060	\$ 3,413,261	\$ (90,799)	\$ 3,280,386
Licenses and permits	288,000	288,000	302,998	14,998	289,725
Intergovernmental - federal	-	172,449	174,724	2,275	82,959
Intergovernmental - state	2,631,950	2,631,950	2,541,528	(90,422)	2,619,250
Charges for services	387,450	387,450	375,278	(12,172)	388,682
Fines and forfeits	150,000	150,000	205,880	55,880	187,636
Interest	30,000	30,000	86,890	56,890	67,585
Miscellaneous	39,350	44,010	53,276	9,266	61,606
Total revenue	7,030,810	7,207,919	7,153,835	(54,084)	6,977,829
Expenditures					
General Government					
City council:					
Council salaries	\$ 67,000	\$ 67,000	\$ 66,789	\$ 211	\$ 67,000
Fringe benefits	66,000	63,100	62,877	223	51,819
Board of review	2,500	2,625	2,625	-	1,750
Office supplies	575	775	769	6	1,258
Postage	50	50	9	41	-
Audit	15,000	13,875	13,850	25	14,700
Contractual service	250	-	-	-	-
Legal	45,000	71,047	71,038	9	66,060
Conference and workshop	8,350	850	606	244	10,267
Insurance and bonds	92,050	88,325	88,299	26	87,633
Notices	2,500	7,900	7,895	5	4,216
Membership and dues	15,000	15,000	14,701	299	13,786
Miscellaneous	500	300	51	249	346
Total city council	314,775	330,847	329,509	1,338	318,835
Mayor's office:					
Mayor's salary	74,500	74,005	74,002	3	74,287
Salaries	9,507	10,857	10,853	4	59,287
Fringe benefits	49,700	50,620	48,689	1,931	70,475
Office supplies and postage	5,250	4,850	4,627	223	4,618
Capital outlay	-	-	-	-	-
Contractual service	1,000	975	882	93	628
Auto repair	2,000	2,150	2,148	2	513
Gas and oil	1,000	1,075	1,061	14	1,063
Conference and workshop	4,500	3,150	2,369	781	2,754
Dues and membership	1,000	1,000	865	135	688
Miscellaneous	2,300	2,075	1,946	129	2,645
Total mayor's office	150,757	150,757	147,442	3,315	216,958

(continued)

City of Burton
Required Supplemental Information
Budgetary Comparison Schedule - General Fund (continued)
Year Ended June 30, 2007
With Comparative Actual Totals for the Year Ended June 30, 2006

	Budget Amounts			Variance-	
	Original	Final	Actual	Under (Over)	2006 Actual
General Government - (continued)					
Controller's department:					
Controller's salary	56,700	56,700	56,613	87	56,816
Salaries - permanent	51,275	51,275	40,332	10,943	74,390
Fringe benefits	78,550	79,550	71,070	8,480	80,259
Office supplies	10,000	9,000	6,155	2,845	10,787
Postage	400	400	23	377	88
Conference and workshop	1,000	-	-	-	1,074
Contractual service	600	1,600	1,600	-	1,761
Membership and dues	400	400	318	82	315
Total controller's department	198,925	198,925	176,111	22,814	225,490
Assessor's department:					
Assessor's salary	70,600	70,600	70,587	13	70,587
Salaries - permanent	83,350	82,975	64,725	18,250	59,870
Fringe benefits	93,750	93,750	75,991	17,759	76,032
Office supplies	6,150	6,150	6,011	139	6,044
Postage	8,000	8,025	8,013	12	7,893
Capital outlay	1,000	1,000	718	282	-
Contractual service	10,000	10,000	7,500	2,500	8,841
Deed recording	1,800	1,975	1,953	22	1,773
Auto repair	1,000	1,175	1,173	2	1,090
Conference and workshop	1,500	1,725	1,715	10	1,393
Gas and oil	400	350	66	284	285
Auto wash	50	50	3	47	3
Economic development	500	500	-	500	-
Membership and dues	1,000	1,000	619	381	615
Equipment repair	200	25	-	25	-
Total assessor's department	279,300	279,300	239,074	40,226	234,426
Elections:					
Salaries - permanent	76,000	71,000	70,988	12	59,270
Fees per diem	43,000	27,850	27,827	23	24,386
Fringe benefits	73,500	61,825	61,814	11	46,043
Election supplies	7,400	2,875	2,577	298	8,398
Postage	3,000	2,500	2,483	17	2,250
Contractual service	6,550	4,050	3,774	276	3,774
Auto allowance	100	150	114	36	26
Conference and workshop	650	150	10	140	716
Notices	500	-	-	-	-
Equipment rental	1,200	1,200	1,191	9	726
Capital outlay	2,000	2,300	2,275	25	45,269
Total elections	213,900	173,900	173,053	847	190,858

(continued)

City of Burton
Required Supplemental Information
Budgetary Comparison Schedule - General Fund (continued)
Year Ended June 30, 2007
With Comparative Actual Totals for the Year Ended June 30, 2006

	Budget Amounts			Variance-	
	Original	Final	Actual	Under (Over)	2006 Actual
General Government - (continued)					
Clerk's department:					
Clerk's salary	56,600	56,540	56,537	3	56,762
Salaries - permanent	27,700	25,400	25,400	-	20,619
Fringe benefits	54,825	53,260	53,259	1	43,195
Office supplies	2,100	2,080	2,078	2	2,491
Postage	400	100	99	1	51
Contractual services	25	100	99	1	153
Conference and workshop	750	750	650	100	838
Dues and membership	350	225	225	-	225
Auto allowance	75	20	-	20	-
Miscellaneous	150	-	-	-	-
Capital outlay	1,000	-	-	-	-
Total clerk's department	143,975	138,475	138,347	128	124,334
Treasurer's department:					
Treasurer's salary	56,625	56,625	56,613	12	56,669
Salaries - permanent	42,950	42,950	32,124	10,826	64,385
Fringe benefits	59,100	59,100	52,505	6,595	62,974
Office supplies	3,350	4,400	4,325	75	4,260
Postage	10,000	10,150	10,146	4	10,708
Capital outlay	1,000	-	-	-	-
Contractual service	6,000	5,430	4,529	901	5,625
Tax roll expense	17,500	17,875	17,856	19	16,976
Conference and workshop	200	195	193	2	809
Total treasurer's department	196,725	196,725	178,291	18,434	222,406
City hall and grounds:					
Salaries	43,500	39,950	34,398	5,552	29,089
Fringe benefits	24,150	24,150	20,983	3,167	17,030
Office supplies	49,150	53,175	53,163	12	49,915
Building maint. and supplies	15,000	15,000	11,348	3,652	10,951
Capital outlay	-	14,114	8,802	5,312	-
Contractual services	15,000	11,425	7,427	3,998	8,452
Janitorial service	20,000	20,000	14,772	5,228	25,917
Utilities	37,000	40,100	40,081	19	35,536
Maintenance of grounds	3,500	3,500	3,077	423	2,545
Building insurance	3,000	3,000	2,840	160	2,819
Equipment rental	7,500	7,500	7,272	228	6,970
Total city hall and grounds	217,800	231,914	204,163	27,751	189,224

(continued)

City of Burton
Required Supplemental Information
Budgetary Comparison Schedule - General Fund (continued)
Year Ended June 30, 2007
With Comparative Actual Totals for the Year Ended June 30, 2006

	Budget Amounts		Actual	Variance- Under (Over)	2006 Actual
	Original	Final			
General Government - (continued)					
Other city property:					
Salaries	8,000	8,000	8,000	-	6,280
Coordinator salary	50,250	50,250	49,564	686	50,238
Fringe benefits	44,500	44,500	20,665	23,835	36,545
Supplies	18,650	16,450	16,450	-	17,506
Contractual service	15,000	21,700	14,260	7,440	20,675
Utilities	23,000	22,500	22,500	-	24,232
Repair and maintenance	11,000	11,500	11,500	-	10,304
Equipment rental	12,500	8,975	8,975	-	12,981
Building insurance	2,500	2,250	2,241	9	2,224
Conference and workshop	1,000	75	75	-	223
Capital outlay	1,500	400	-	400	-
Sewer payments	2,500	1,500	1,500	-	2,237
Miscellaneous	1,000	3,300	69	3,231	-
Total other city property	191,400	191,400	155,799	35,601	183,445
Total General Government	1,907,557	1,892,243	1,741,789	150,454	1,905,976
Public Safety					
Fire department:					
Fire chief salary	57,500	57,295	57,295	-	57,515
Salaries - permanent	79,500	88,325	88,324	1	80,781
Part-time firemen	200,000	167,850	167,842	8	148,472
Fringe benefits	136,300	135,500	135,495	5	124,636
Uniforms	12,500	6,755	6,751	4	9,881
Operating supplies	23,500	23,970	23,969	1	36,976
Contractual services	10,000	10,705	10,703	2	2,039
Building supplies and maint.	18,000	16,440	16,438	2	19,749
Equipment repair	4,500	1,560	1,559	1	5,877
Truck repair	15,000	18,775	18,774	1	9,889
Conference and workshop	5,000	7,110	7,107	3	7,176
Gas and oil	15,000	12,700	12,694	6	12,283
Utilities	31,000	35,900	35,898	2	33,599
Sewer payments	3,000	4,075	4,072	3	2,977
Miscellaneous	500	325	318	7	2,837
Dues and membership	5,000	6,560	6,557	3	4,916
Building insurance	2,000	1,935	1,932	3	1,917
Truck insurance and liability	16,775	16,105	16,104	1	15,983
Training	5,000	4,975	4,975	-	5,510
Equipment rental	9,000	10,445	10,442	3	11,239
Prevention	6,000	5,175	5,174	1	4,676
Capital outlay	78,000	283,026	282,957	69	133,251
Total fire department	733,075	915,506	915,380	126	732,179
Total Public Safety	733,075	915,506	915,380	126	732,179

(continued)

City of Burton
Required Supplemental Information
Budgetary Comparison Schedule - General Fund (continued)
Year Ended June 30, 2007
With Comparative Actual Totals for the Year Ended June 30, 2006

	Budget Amounts			Variance-	2006
	Original	Final	Actual	Under (Over)	Actual
Public Service					
Capital outlay	100,000	103,900	96,927	6,973	-
Weed cutting	35,000	35,000	25,469	9,531	32,064
Drains at large	75,000	63,000	62,642	358	72,656
Street lighting	335,000	376,000	368,830	7,170	335,670
Memorial Day parade	20,000	25,660	25,656	4	30,097
Holiday decorations	1,000	1,000	1,000	-	2,000
Disaster aid	500	500	387	113	388
Total Public Service	566,500	605,060	580,911	24,149	472,875
Parks and Recreation					
Salaries	750	750	174	576	16
Fringe benefits	375	375	214	161	572
Operating supplies	4,600	4,600	4,146	454	4,273
Equipment rental	10,000	10,000	9,869	131	6,977
Maintenance of grounds	25,000	25,000	14,701	10,299	10,942
Commission	7,000	7,000	4,136	2,864	10,310
Park projects	5,000	5,000	4,999	1	5,978
Miscellaneous	5,000	5,000	768	4,232	5,017
Total Parks and Recreation	57,725	57,725	39,007	18,718	44,085
Planning					
Zoning and planning commission:					
Salaries	28,275	25,400	25,111	289	24,815
Fringe benefits	15,125	13,375	13,375	-	13,128
Supplies and postage	1,000	900	485	415	570
Notices	1,500	330	316	14	221
Contractual services	2,500	8,850	8,808	42	-
Conference and workshop	500	45	27	18	-
Total zoning and planning	48,900	48,900	48,122	778	38,734
Zoning appeal board:					
Salaries	27,950	27,950	24,766	3,184	24,789
Fringe benefits	15,256	15,256	13,346	1,910	13,071
Supplies and postage	1,500	1,500	735	765	923
Contractual services	500	500	-	500	-
Conference and workshop	500	500	27	473	100
Notices	3,500	3,500	1,639	1,861	401
Total zoning appeal board	49,206	49,206	40,513	8,693	39,284
Total Planning	98,106	98,106	88,635	9,471	78,018
Total expenditures	3,362,963	3,568,640	3,365,722	202,918	3,233,133

(continued)

City of Burton
Required Supplemental Information
Budgetary Comparison Schedule - General Fund (continued)
Year Ended June 30, 2007
With Comparative Actual Totals for the Year Ended June 30, 2006

	Budget Amounts		Actual	Variance- Under (Over)	2006 Actual
	Original	Final			
Excess of Revenue Over Expenditures	3,667,847	3,639,279	3,788,113	148,834	3,744,696
Other Financing Sources (Uses)					
Sale of property and equipment	10,000	10,000	9,509	(491)	22,480
Transfers in	17,250	17,250	25,123	7,873	125,984
Transfers out	(3,669,925)	(3,962,762)	(3,879,717)	83,045	(3,688,786)
 Total other financing uses	 (3,642,675)	 (3,935,512)	 (3,845,085)	 90,427	 (3,540,322)
Net Change in Fund Balances	25,172	(296,233)	(56,972)	239,261	204,374
Fund Balances - Beginning of year	2,079,609	2,079,609	2,079,609	-	1,875,235
Fund Balances - End of year	\$ 2,104,781	\$ 1,783,376	\$ 2,022,637	\$ 239,261	\$ 2,079,609

City of Burton
Required Supplemental Information
Budgetary Comparison Schedule - Major Street Fund
Year Ended June 30, 2007
With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007				
	Budget Amounts			Variance Under (Over)	2006 Actual
	Original	Final	Actual		
Revenue					
Intergovernmental revenue:					
Federal	\$ 485,786	\$ 1,799,624	\$ 68,986	\$(1,730,638)	\$ 79,593
State	2,032,500	2,032,500	2,002,805	(29,695)	2,048,366
Interest	62,000	62,000	87,030	25,030	71,246
Miscellaneous	500	500	107	(393)	497
Total revenue	2,580,786	3,894,624	2,158,928	(1,735,696)	2,199,702
Expenditures					
Current:					
Public works:					
Highways and streets:					
Surface maintenance	433,070	409,670	377,804	31,866	353,871
Trees and shrubs	12,430	21,350	18,282	3,068	27,847
Drainage	155,890	235,100	262,003	(26,903)	127,721
Roadside cleanup	23,730	26,105	34,464	(8,359)	38,884
Traffic signs and controls	98,080	129,530	115,452	14,078	104,734
Pavement marking	85,000	111,000	110,882	118	64,451
Winter maintenance	256,400	228,500	223,590	4,910	181,728
Administration	104,935	76,960	43,496	33,464	64,081
Total public works	1,169,535	1,238,215	1,185,973	52,242	963,317
Capital outlay	1,533,823	3,313,525	1,200,287	2,113,238	561,847
Total expenditures	2,703,358	4,551,740	2,386,260	2,165,480	1,525,164
Excess of Revenue Over (Under)					
Expenditures	(122,572)	(657,116)	(227,332)	429,784	674,538
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	32,113
Transfers out	(767,600)	(808,702)	(797,778)	10,924	(723,502)
Total other financing sources (uses)	(767,600)	(808,702)	(797,778)	10,924	(691,389)
Net Change in Fund Balances					
	(890,172)	(1,465,818)	(1,025,110)	440,708	(16,851)
Fund Balances - Beginning of year					
	1,771,769	1,771,769	1,771,769	-	1,788,620
Fund Balances - End of year					
	\$ 881,597	\$ 305,951	\$ 746,659	\$ 440,708	\$ 1,771,769

City of Burton
Required Supplemental Information
Budgetary Comparison Schedule - Local Street Fund
Year Ended June 30, 2007
With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007			Variance	2006
	Budget Amounts			Under	Actual
	Original	Final	Actual	(Over)	
Revenue					
Intergovernmental revenue:					
State	\$ 641,000	\$ 641,000	\$ 619,665	\$ (21,335)	\$ 602,354
Interest	45,000	45,000	69,868	24,868	64,039
Miscellaneous	500	500	1,994	1,494	24
Total revenue	686,500	686,500	691,527	5,027	666,417
Expenditures					
Current:					
Public works:					
Highways and streets:					
Surface maintenance	475,275	348,550	270,528	78,022	272,886
Trees and shrubs	26,475	36,475	24,086	12,389	42,316
Drainage	320,625	355,625	253,655	101,970	186,888
Roadside cleanup	12,045	12,045	2,135	9,910	7,069
Miscellaneous	50,000	8,225	-	8,225	-
Traffic signs and controls	77,260	77,260	38,246	39,014	29,133
Winter maintenance	261,000	256,750	208,433	48,317	159,150
Administration	97,680	97,680	45,757	51,923	64,071
Total public works	1,320,360	1,192,610	842,840	349,770	761,513
Capital outlay	1,500	505,653	626,673	(121,020)	633,739
Total expenditures	1,321,860	1,698,263	1,469,513	228,750	1,395,252
Excess of Revenue Under Expenditures	(635,360)	(1,011,763)	(777,986)	233,777	(728,835)
Other Financing Sources (Uses)					
Transfers in	495,000	495,000	490,087	(4,913)	740,465
Transfers out	-	(35,000)	(35,000)	-	-
Total other financing sources (uses)	495,000	460,000	455,087	(4,913)	740,465
Net Change in Fund Balances	(140,360)	(551,763)	(322,899)	228,864	11,630
Fund Balances - Beginning of year	1,586,031	1,586,031	1,586,031	-	1,574,401
Fund Balances - End of year	\$ 1,445,671	\$ 1,034,268	\$ 1,263,132	\$ 228,864	\$ 1,586,031

City of Burton
Required Supplemental Information
Budgetary Comparison Schedule - Police Millage Fund
Year Ended June 30, 2007
With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007					
	Budget Amounts			Variance	2006	
	Original	Final	Actual	Under (Over)	Actual	
Revenue						
Property taxes	\$ 735,205	\$ 735,205	\$ 717,112	\$ (18,093)	\$ 688,337	
Intergovernmental revenue:						
Federal	57,000	92,110	106,364	14,254	141,763	
State	14,500	22,000	23,018	1,018	14,467	
Local	26,000	26,000	24,625	(1,375)	28,713	
Charges for services - contracts	57,000	57,000	57,779	779	56,779	
Interest	10,000	10,000	13,094	3,094	7,000	
Fines and forfeits:						
Forfeitures and other	26,500	26,500	25,564	(936)	27,294	
Ordinance fines	95,000	95,000	99,786	4,786	97,273	
Total revenue	1,021,205	1,063,815	1,067,342	3,527	1,061,626	
Expenditures						
Current:						
Public safety:						
Police chief salary	66,000	66,000	65,505	495	65,757	
Lieutenants' salaries	128,500	137,495	137,494	1	132,386	
Sergeants' salaries	239,500	253,920	253,917	3	251,899	
Salaries - permanent	1,506,980	1,591,630	1,591,629	1	1,515,549	
Fringe benefits	1,413,625	1,411,725	1,411,656	69	1,380,602	
Office supplies and postage	11,500	15,125	15,049	76	10,533	
Technology services	64,950	64,950	64,950	-	62,605	
Ammunition	3,000	7,625	7,608	17	3,650	
Uniforms	25,000	27,865	24,416	3,449	33,150	
Operating supplies	20,000	19,400	14,620	4,780	20,116	
Equipment repair	3,000	7,150	7,128	22	1,798	
Courtland Center costs	85,000	58,695	48,246	10,449	47,112	
DARE project costs	68,000	84,100	84,088	12	74,825	
F.A.N.G. project costs	91,250	122,215	110,889	11,326	78,210	
Contractual service	35,000	33,000	30,050	2,950	34,105	
Auto repair	70,000	90,775	90,762	13	117,244	
Conference and workshop	500	850	840	10	694	
Gas and oil	90,000	90,000	88,126	1,874	88,586	
Utilities and building repairs	70,000	74,650	74,630	20	69,311	
Sewer payments	1,500	1,590	1,584	6	1,472	
Auto wash	3,000	3,000	2,997	3	3,630	
Auto insurance	100,000	96,210	96,209	1	95,146	
Miscellaneous	3,000	3,000	1,454	1,546	1,335	
Legal	80,000	80,000	73,270	6,730	73,796	

(continued)

City of Burton
Required Supplemental Information
Budgetary Comparison Schedule - Police Millage Fund (continued)
Year Ended June 30, 2007
With Comparative Actual Amounts for the Year Ended June 30, 2006

	2007		Variance Under (Over)	2006 Actual
	Budget Amounts	Actual		
	Original	Final		
Expenditures - (continued)				
Current: - (continued)				
Public safety: - (continued)				
Dues and membership	1,000	1,775	1,757	1,511
Training	15,000	14,975	13,788	10,715
Equipment rental	10,000	10,000	6,972	8,807
Narcotics investigation	25,000	26,700	23,733	23,209
Total public safety	4,230,305	4,394,420	4,343,367	4,207,753
Capital outlay	19,000	71,583	61,435	199,656
Total expenditures	4,249,305	4,466,003	4,404,802	4,407,409
Excess of Revenue Under Expenditures	(3,228,100)	(3,402,188)	(3,337,460)	64,728
Other Financing Sources (Uses)				
Transfers in	3,330,450	3,512,936	3,447,627	(65,309)
Transfers out	(102,350)	(110,748)	(110,167)	581
Total other financing sources (uses)	3,228,100	3,402,188	3,337,460	(64,728)
Net Change in Fund Balances	-	-	-	-
Fund Balances - Beginning of year	11,313	11,313	11,313	-
Fund Balances - End of year	\$ 11,313	\$ 11,313	\$ 11,313	\$ - 0 -

City of Burton
Notes to Required Supplementary Information
June 30, 2007

Budgetary Information – Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end. At the first meeting in April, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted at City Hall to obtain taxpayer comments. Prior to June 30, the budget is legally enacted.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level. The exception is General, Police, Building Department, Major Street and Local Street funds which are adopted on a line item basis, and Capital Improvement and Community Development are adopted on a project length basis. The Mayor or his/her designee is authorized to transfer budgeted amounts within departmental appropriation accounts, however, any revisions that alter the total expenditures of any department must be approved by the City Council.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g. purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end: the commitments will be reappropriated and honored during the subsequent year. There were no encumbrances at year end.

Excess of Expenditures Over Appropriations in Budgeted Funds – During the year, the City of Burton incurred expenditures that were in excess of the amounts budgeted, as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Actual over Budget</u>
Major Funds:			
Major Street Fund:			
Surface & maintenance – Fringe benefits	\$ 7,000	\$ 9,075	\$ 2,075
Drainage – Supervision salaries	63,030	75,266	12,236
Drainage – Permanent salaries	46,865	50,409	3,544
Drainage – Fringe benefits	36,085	55,719	19,634
Drainage – Equipment rental	59,500	63,396	3,896
Traffic signs & controls – Fringe benefits	8,460	11,258	2,798
Winter maintenance – Fringe benefits	28,535	29,853	1,318
Roadside cleanup – Fringe benefits	5,000	8,242	3,242
Roadside cleanup – Equipment rental	11,000	16,123	5,123
Administration – Salaries	2,000	2,277	277
Local Street Fund:			
Traffic signs & controls – Material signs	7,775	8,276	501
Traffic signs & controls – Equipment rental	5,000	5,753	753
Winter maintenance – Material salt	75,000	77,201	2,201
Capital outlay	-	436,389	436,389
Nonmajor Funds:			
Building Department Fund:			
Operating supplies	7,000	9,075	2,075

Other Supplemental Information

Nonmajor Governmental Funds

City of Burton
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2007

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 13,124	\$ 140,210	\$ -	\$ 153,334
Receivables:				
Accounts	8,343	-	-	8,343
Due from other funds	208,468	1,826	-	210,294
	<hr/>			
Total assets	\$ 229,935	\$ 142,036	\$ - 0 -	\$ 371,971
<hr/>				
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 4,440	\$ -	\$ -	\$ 4,440
Accrued liabilities	7,352	-	-	7,352
Due to other funds	133,683	-	-	133,683
Deferred revenue	60,249	-	-	60,249
	<hr/>			
Total liabilities	205,724	-	-	205,724
<hr/>				
Fund balances:				
Unreserved:				
Undesignated	24,211	142,036	-	166,247
	<hr/>			
Total fund balances	24,211	142,036	-	166,247
	<hr/>			
Total liabilities and fund balances	\$ 229,935	\$ 142,036	\$ - 0 -	\$ 371,971
	<hr/>			

City of Burton
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2007

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Revenue				
Property taxes	\$ -	\$ 457,929	\$ -	\$ 457,929
Licenses and permits	76,503	-	-	76,503
Intergovernmental revenue:				
Federal	18,949	-	-	18,949
State	-	9,647	-	9,647
Local	40,866	-	-	40,866
Charges for services	1,482,588	-	-	1,482,588
Interest	14,436	18,382	21,628	54,446
Miscellaneous	36,612	1,827	-	38,439
Total revenue	1,669,954	487,785	21,628	2,179,367
Expenditures				
Current:				
Public service	1,406,595	-	-	1,406,595
Public safety	420,036	-	-	420,036
Health and welfare	63,710	-	-	63,710
Capital outlay	41,020	-	241,808	282,828
Debt service:				
Principal retirement	-	770,000	-	770,000
Interest and fiscal charges	-	189,911	-	189,911
Total expenditures	1,931,361	959,911	241,808	3,133,080
Excess of Revenues Under Expenditures	(261,407)	(472,126)	(220,180)	(953,713)
Other Financing Sources (Uses)				
Transfers in	236,398	504,513	71,941	812,852
Transfers out	(18,949)	-	(363,889)	(382,838)
Total other financing sources (uses)	217,449	504,513	(291,948)	430,014
Special Item - Special assessment roll change	-	-	(60,514)	(60,514)
Net Change in Fund Balances	(43,958)	32,387	(572,642)	(584,213)
Fund Balances - Beginning of year	68,169	109,649	572,642	750,460
Fund Balances - End of year	\$ 24,211	\$ 142,036	\$ - 0 -	\$ 166,247

Special Revenue Funds

Nonmajor Funds:

Rubbish Collection and Disposal Fund - To account for the customer charges which are to be used to pay contracted services for rubbish collection.

Building Department Fund – To account for revenues and expenditures related to the Building Department activities.

Community Development Block Grant Program Fund - To account for revenues earned and expenditures incurred by the City as a sub-grantee of the Community Development Block Grant Program. The program includes projects for street paving, sidewalk construction, waterline improvements, and other capital outlay.

Capital Improvement Fund - To account for non-tax revenues set aside for capital projects. Expenditures in this fund are limited to capital projects or large capital purchases. Expenditures include, but are not limited to, municipal buildings, public safety vehicles, and equipment.

Senior Millage Fund - To account for revenues earned and expenditures incurred by the City as a grantee of the Senior Citizens Millage Program. The program includes senior citizens activities.

City of Burton
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2007
With Comparative Totals for June 30, 2006

	Rubbish Collection and Disposal	Building Department	Community Development
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable	773	7,570	-
Due from other funds	28,321	-	-
Total assets	\$ 29,094	\$ 7,570	\$ - 0 -
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 4,440	\$ -
Accrued liabilities	-	7,352	-
Due to other funds	-	133,683	-
Deferred revenue	-	-	-
Total liabilities	-	145,475	-
Fund balances:			
Unreserved:			
Undesignated	29,094	(137,905)	-
Total fund balances	29,094	(137,905)	-
Total liabilities and fund balances	\$ 29,094	\$ 7,570	\$ - 0 -

Capital Improvement	Senior Millage	Totals	
		2007	2006
\$ 13,124	\$ -	\$ 13,124	\$ 36,452
-	-	8,343	3,127
119,898	60,249	208,468	38,281
\$ 133,022	\$ 60,249	\$ 229,935	\$ 77,860

\$ -	\$ -	\$ 4,440	\$ 4,670
-	-	7,352	5,021
-	-	133,683	-
-	60,249	60,249	-
-	60,249	205,724	9,691

133,022	-	24,211	68,169
133,022	-	24,211	68,169
\$ 133,022	\$ 60,249	\$ 229,935	\$ 77,860

City of Burton
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2007
With Comparative Totals for the Year Ended June 30, 2006

	Rubbish Collection and Disposal	Building Department	Community Development
Revenue			
Licenses and permits	\$ -	\$ 76,503	\$ -
Intergovernmental revenue:			
Federal	-	-	18,949
Local	-	-	-
Charges for services	1,407,128	75,460	-
Interest	13,294	-	-
Miscellaneous	-	8,668	-
Total revenue	1,420,422	160,631	18,949
Expenditures			
Current:			
Public service	1,406,595	-	-
Public safety	-	420,036	-
Health and welfare	-	-	-
Capital outlay	-	-	-
Total expenditures	1,406,595	420,036	-
Excess of Revenue Over (Under) Expenditures	13,827	(259,405)	18,949
Other Financing Sources (Uses)			
Transfers in	-	116,500	-
Transfers out	-	-	(18,949)
Total other financing sources (uses)	-	116,500	(18,949)
Net Change in Fund Balances	13,827	(142,905)	-
Fund Balances - Beginning of year	15,267	5,000	-
Fund Balances - End of year	\$ 29,094	\$ (137,905)	\$ - 0 -

Capital Improvement	Senior Millage	Totals	
		2007	2006
\$ -	\$ -	\$ 76,503	274,993
-	-	18,949	359,993
-	40,866	40,866	110,706
-	-	1,482,588	1,411,636
1,142	-	14,436	8,740
5,100	22,844	36,612	8,638
6,242	63,710	1,669,954	2,174,706
-	-	1,406,595	1,360,628
-	-	420,036	604,196
-	63,710	63,710	-
41,020	-	41,020	1,180
41,020	63,710	1,931,361	1,966,004
(34,778)	-	(261,407)	208,702
119,898	-	236,398	42,360
-	-	(18,949)	(231,474)
119,898	-	217,449	(189,114)
85,120	-	(43,958)	19,588
47,902	-	68,169	48,581
\$ 133,022	\$ - 0 -	\$ 24,211	\$ 68,169

City of Burton
Nonmajor Special Revenue Funds
Combining Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007

	Rubbish Collection and Disposal			
	Budget Amounts			Variance- Under (Over)
	Original	Final	Actual	
Revenue				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal	-	-	-	-
Local	-	-	-	-
Charges for services	1,416,800	1,416,800	1,407,128	(9,672)
Net investment income (loss)	-	-	-	-
Interest	9,000	9,000	13,294	4,294
Miscellaneous	-	-	-	-
Total revenue	1,425,800	1,425,800	1,420,422	(5,378)
Expenditures				
Current:				
Public service	1,414,800	1,414,800	1,406,595	8,205
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,414,800	1,414,800	1,406,595	8,205
Excess of Revenue Over (Under) Expenditures	11,000	11,000	13,827	2,827
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balances	11,000	11,000	13,827	2,827
Fund Balances - Beginning of year	15,267	15,267	15,267	-
Fund Balances - End of year	\$ 26,267	\$ 26,267	\$ 29,094	\$ 2,827

Community Development				Capital Improvement			
Budget Amounts		Actual	Variance- Under (Over)	Budget Amounts		Actual	Variance- Under (Over)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
231,475	233,175	18,949	(214,226)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	500	500	1,142	642
-	-	-	-	-	-	5,100	5,100
231,475	233,175	18,949	(214,226)	500	500	6,242	5,742
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	52,934	168,300	41,020	127,280
-	-	-	-	52,934	168,300	41,020	127,280
231,475	233,175	18,949	(214,226)	(52,434)	(167,800)	(34,778)	133,022
-	-	-	-	-	119,898	119,898	-
(231,475)	(233,175)	(18,949)	214,226	-	-	-	-
(231,475)	(233,175)	(18,949)	214,226	-	119,898	119,898	-
-	-	-	-	(52,434)	(47,902)	85,120	133,022
-	-	-	-	47,902	47,902	47,902	-
\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ (4,532)	\$ - 0 -	\$ 133,022	\$ 133,022

(continued)

City of Burton
Nonmajor Special Revenue Funds
Combining Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual (continued)
For the Year Ended June 30, 2007

	Senior Millage			Variance-
	Budget Amounts			Under
	Original	Final	Actual	(Over)
Revenue				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal	-	-	-	-
Local	-	151,673	40,866	(110,807)
Charges for services	-	-	-	-
Net investment income (loss)	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	22,844	22,844
Total revenue	-	151,673	63,710	(87,963)
Expenditures				
Current:				
Public service	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	343,073	63,710	279,363
Capital outlay	-	-	-	-
Total expenditures	-	343,073	63,710	279,363
Excess of Revenue Over (Under) Expenditures	-	(191,400)	-	191,400
Other Financing Sources (Uses)				
Transfers in	-	191,400	-	(191,400)
Transfers out	-	-	-	-
Total other financing sources (uses)	-	191,400	-	(191,400)
Net Change in Fund Balances	-	-	-	-
Fund Balances - Beginning of year	-	-	-	-
Fund Balances - End of year	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

City of Burton
Nonmajor Special Revenue Fund - Building Department
Schedules of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007

	Building Department			Variance-
	Budget Amounts			Under
	Original	Final	Actual	(Over)
Revenue				
Licenses and permits	\$ 265,000	\$ 265,000	\$ 76,503	\$ (188,497)
Charges for services	43,500	80,500	75,460	(5,040)
Miscellaneous	5,000	5,000	8,668	3,668
Total revenue	313,500	350,500	160,631	(189,869)
Expenditures				
Current:				
Administrative salaries	19,500	19,500	16,210	3,290
Supervision salary	13,400	13,400	11,813	1,587
Salaries - permanent	172,600	172,600	163,436	9,164
Fringe benefits	128,650	127,750	113,718	14,032
Office supplies	13,000	13,000	10,785	2,215
Postage	1,000	1,000	510	490
Operating supplies	7,000	7,000	9,075	(2,075)
Contractual services	10,000	10,000	3,345	6,655
Dues and membership	500	500	464	36
Conference and workshop	2,000	2,000	452	1,548
Utilities	3,500	3,500	3,469	31
Equipment repair	23,000	23,900	23,879	21
Condemned housing	20,000	40,000	31,275	8,725
Weed cutting	14,350	31,350	30,303	1,047
Soil erosion services	1,500	1,500	1,302	198
Total expenditures	430,000	467,000	420,036	46,964
Excess of Revenue Over (Under) Expenditures	(116,500)	(116,500)	(259,405)	(142,905)
Other Financing Sources (Uses)				
Transfers in	116,500	116,500	116,500	-
Total other financing sources (uses)	116,500	116,500	116,500	-
Net Change in Fund Balances	-	-	(142,905)	(142,905)
Fund Balances - Beginning of year	5,000	5,000	5,000	-
Fund Balances - End of year	\$ 5,000	\$ 5,000	\$ (137,905)	\$ (142,905)

City of Burton
Community Development Special Revenue Fund
Schedule of Expenditures
For the Year Ended June 30, 2007

Project Number	Description	Project Funds Expended During 2006-2007	Total Project Funds Expended Through June 30, 2007	Total Funds Available by Project	Unexpended Balance at June 30, 2007
04-03	Street & sidewalk improvements	\$ 1,700	\$ 215,926	\$ 215,926	\$ -
06-02	Senior center services	17,249	17,249	17,249	-
07-01	Park improvements	-	-	26,448	26,448
07-02	Senior center services	-	-	14,693	14,693
07-03	Senior center improvements	-	-	8,816	8,816
07-04	Fire equipment	-	-	8,816	8,816
07-05	Ditch improvement	-	-	94,037	94,037
07-06	Street & sidewalk improvements	-	-	94,037	94,037
07-07	Waterline project	-	-	94,037	94,037
		<u>\$ 18,949</u>	<u>\$ 233,175</u>	<u>\$ 574,059</u>	<u>\$ 340,884</u>

City of Burton
Capital Improvement Special Revenue Fund
Schedule of Expenditures
For the Year Ended June 30, 2007

	Project Funds Expended During 2006-2007	Total Project Funds Expended Through June 30, 2007	Total Cumulative Funds Available by Project	Unexpended Balance at June 30, 2007
Park projects	\$ 41,020	\$ 177,135	\$ 183,478	\$ 6,343

Debt Service Funds

Nonmajor Funds:

General Debt Service - To accumulate funds for payment of the General Obligation Debt which are serial bonds due in annual installments of principal ranging from \$100,000 to \$140,000, plus interest, with various maturity dates through June 1, 2008. Financing is provided primarily by a special annual property tax levy. Property taxes and other revenues accumulated in excess of actual debt requirements are legally restricted to servicing this debt.

Major Street Construction Debt Service - To accumulate monies for payment of the Act 51 Michigan Transportation Fund Debt which are serial bonds due in annual installments of principal ranging from \$200,000 to \$250,000, plus interest, with maturity dates through February 1, 2013. Financing will be provided from the proceeds of state-collected taxes returned to the City of Burton as Act 51 monies, or in the case of insufficiency of the state-collected funds, out of the General Funds of the City.

Building Authority Debt Service - To accumulate monies for the payment of the Building Authority Debt which is serial bonds, which are two separate serial bonds; one for the police-fire facility and the other for the 2004 city hall addition and renovation. Financing for the debt service is provided through lease contracts with the City.

Major Funds:

Special Assessment Debt Service Fund – Reported as a Major Fund this fund accumulates resources for the repayment of special assessment debt with governmental commitment. The list of projects with outstanding debt that are accounted for within this fund are listed on the following pages.

City of Burton
Debt Service Special Assessments - Project Number/Name Index
June 30, 2007

Paving Projects

P-94-1	McLean Avenue	P-97-4	Howe Road
P-94-7	Wells Street	P-97-5	Judd Road
P-94-12	Kenneth Street	P-97-6	Allen Street
P-94-14	Glendale Avenue	P-97-7	Christner
P-94-15	Arrowhead Drive	P-97-8	Springfield
P-95-1	Brady Street	P-98-3	Scottwood
P-95-2	DeCamp Street	P-98-5	Maplewood Meadows #3 Subdivision
P-95-4	Norton Street	P-98-7	Webber Street
P-95-5	Packard Street	P-98-13	Maplewood Meadows #4, #5 Subdivision
P-95-9	Allen Street	P-98-14	Maple Pointe #8 Subdivision
P-95-10	Buder Avenue	P-99-1	Nelson Court
P-95-20	Parkwood Avenue	P-00-3	Brabbs Street
P-95-20A	Parkwood Avenue	P-02-2	Pratt & Wagner Avenues
P-96-5	Bergin Avenue	P-03-1	Pebble Creek Subdivision
P-96-7	Eugene & Milano Streets	P-04-1	Burton Estates #1 Subdivision
P-96-9	Williamson Avenue	P-04-2	Mallard Ponds Subdivision
P-97-2	James Street	P-04-3	Kosta Street
P-97-3	Mandeville	P-04-4	Dudley Avenue

City of Burton
Debt Service Special Assessments - Project Number/Name Index - (continued)
June 30, 2007

Water Projects

W-91-1	Brookwood Estates Subdivision	W-98-3	Maple Pointe #8 Subdivision
W-97-1	Meadowcroft Subdivision	W-03-1	Pebble Creek Subdivision
W-98-1	Maplewood Meadows #3 Subdivision	W-04-1	Burton Estates #1 Subdivision
W-98-2	Maplewood Meadows #4, #5 Subdivision	W-04-2	Mallard Ponds Subdivision

Sanitary Sewer Projects

SS-98-1	Maplewood Meadows #3 Subdivision	SS-03-1	Pebble Creek Subdivision
SS-98-2	Maplewood Meadows #4, #5 Subdivision	SS-04-1	Burton Estates #1 Subdivision
SS-98-3	Maple Pointe #8 Subdivision	SS-04-2	Mallard Ponds Subdivision

NOTE: The above noted special assessment improvements may only involve a portion of the referenced street or subdivision.

City of Burton
Nonmajor Debt Service Funds
Combining Balance Sheet
June 30, 2007
With Comparative Totals for June 30, 2006

	<u>General Debt Service</u>	<u>Major Street Construction Debt Service</u>	<u>Building Authority Debt Service</u>
Assets			
Cash and cash equivalents	\$ 138,041	\$ 578	\$ 1,591
Due from other funds	1,826	-	-
Total assets	<u>\$ 139,867</u>	<u>\$ 578</u>	<u>\$ 1,591</u>
Fund Balances			
Fund balances:			
Unreserved	\$ 139,867	\$ 578	\$ 1,591
Total fund balances	<u>\$ 139,867</u>	<u>\$ 578</u>	<u>\$ 1,591</u>

Totals	
2007	2006
\$ 140,210	\$ 109,649
1,826	-
\$ 142,036	\$ 109,649

\$ 142,036	\$ 109,649
\$ 142,036	\$ 109,649

City of Burton
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2007
With Comparative Totals for the Year Ended June 30, 2006

	General Debt Service	Major Street Construction Debt Service	Building Authority Debt Service
Revenue			
Taxes	\$ 457,929	\$ -	\$ -
Intergovernmental - state	9,647	-	-
Interest	18,376	-	6
Miscellaneous	1,827	-	-
Total revenue	487,779	-	6
Expenditures			
Debt service:			
Principal retirement	420,000	200,000	150,000
Interest and fiscal charges	35,399	72,450	82,062
Total expenditures	455,399	272,450	232,062
Excess of Revenue Over (Under) Expenditures	32,380	(272,450)	(232,056)
Other Financing Sources			
Transfers in	-	272,450	232,063
Total other financing sources	-	272,450	232,063
Net Change in Fund Balances	32,380	-	7
Fund Balances - Beginning of year	107,487	578	1,584
Fund Balances - End of year	<u>\$ 139,867</u>	<u>\$ 578</u>	<u>\$ 1,591</u>

T o t a l s

2007	2006
\$ 457,929	\$ 452,565
9,647	10,905
18,382	12,549
1,827	1,822
<u>487,785</u>	<u>477,841</u>

770,000	720,000
189,911	226,133
<u>959,911</u>	<u>946,133</u>
<u>(472,126)</u>	<u>(468,292)</u>

<u>504,513</u>	<u>468,663</u>
----------------	----------------

<u>504,513</u>	<u>468,663</u>
----------------	----------------

32,387	371
--------	-----

<u>109,649</u>	<u>109,278</u>
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<u><u>\$ 142,036</u></u>	<u><u>\$ 109,649</u></u>
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Capital Project Funds

Nonmajor Funds:

Special Assessment - Capital Project Fund - This capital project fund is used to account for the construction phase costs of watermain improvements, sidewalk improvements, storm drainage improvements, sanitary sewer improvements, and paving improvements. Financing is provided by the sale of special assessment bonds. Costs of each project are estimated and property owners are assessed their proportionate share. Property owners are allowed to pay their assessments in full without interest for a specified period of time (usually less than one year) or annually over periods of 12 or 20 years. Property owners are also able to pay all or any portion of their assessment at any time. Most elect to pay installments during the 12 or 20 year periods. The collections of the assessments are deposited directly into the Special Assessment Debt Service Fund (with the exception of certain first year assessments, in some cases) in order to repay the bonded debt.

City of Burton
Capital Projects Special Assessments - Project Number/Name Index
June 30, 2007

Paving Projects

P-03-1	Pebble Creek Subdivision	W-04-1	Burton Estates Subdivision
P-04-1	Burton Estates Subdivision	W-04-2	Mallard Ponds Subdivision
P-04-2	Mallard Ponds Subdivision	SS-03-1	Pebble Creek Subdivision
P-04-3	Kosta Street	SS-04-1	Burton Estates Subdivision
P-04-4	Dudley Avenue	SS-04-2	Mallard Ponds Subdivision
W-03-1	Pebble Creek Subdivision		

NOTE: The above noted special assessment improvement may only
 involve a portion of the referenced street or subdivision.

City of Burton
Nonmajor Special Assessment Capital Project Fund
Combining Balance Sheet
June 30, 2007
With Comparative Totals for June 30, 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash and cash equivalent	<u>\$ -</u>	<u>\$ 581,595</u>
Total assets	<u><u>\$ - 0 -</u></u>	<u><u>\$ 581,595</u></u>
 Liabilities and Fund Balances		
Due to other funds	<u>\$ -</u>	<u>\$ 8,953</u>
Total liabilities	-	8,953
Fund balances:		
Unreserved	<u>-</u>	<u>572,642</u>
Total liabilities and fund balance	<u><u>\$ - 0 -</u></u>	<u><u>\$ 581,595</u></u>

City of Burton
Nonmajor Special Assessment Capital Project Fund
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2007
With Comparative Totals for the Year Ended June 30, 2006

	<u>2007</u>	<u>2006</u>
Revenue		
Interest	\$ 21,628	\$ 30,365
Total revenue	<u>21,628</u>	<u>30,365</u>
Expenditures		
Capital outlay	<u>241,808</u>	<u>92,087</u>
Total expenditures	<u>241,808</u>	<u>92,087</u>
Excess of Revenue Under Expenditures	<u>(220,180)</u>	<u>(61,722)</u>
Other Financing Sources (Uses)		
Transfers in	71,941	-
Transfers out	<u>(363,889)</u>	<u>(116,376)</u>
Total other financing uses	<u>(291,948)</u>	<u>(116,376)</u>
Special Item - Special assessment roll change	<u>(60,514)</u>	<u>-</u>
Net Change in Fund Balances	(572,642)	(178,098)
Fund Balances - Beginning of year	<u>572,642</u>	<u>750,740</u>
Fund Balances - End of year	<u>\$ - 0 -</u>	<u>\$ 572,642</u>

Internal Service Funds

Motor Pool Fund - To account for the costs of operating and maintaining certain automotive and street maintenance equipment used by other city departments. Such costs are billed to the other departments based on rental rates established by the state of Michigan Department of Highways and Transportation. Actual costs include depreciation on the machinery and equipment used to provide the service. The majority of the machinery and equipment maintained in this fund was purchased by other City departments. Replacement of the assets will be financed by Motor Pool resources and continued contributions from other funds.

Self Insurance Health Care Fund – To initiate and oversee a self-insured health insurance plan, and to account for all related premiums and claims. Under the plan, the City provides health insurance coverage to each employee for the first \$25,000 of annual cumulative claims or \$774,045 for the whole plan, after which reinsurance covers the balance.

Technology – to account the costs of operating & maintaining the information technology services and equipment used by other city departments such costs are billed to the other departments based on historic cost average of usage of these services.

City of Burton
Combining Statement of Net Assets
Internal Service Funds
June 30, 2007
With Comparative Totals for June 30, 2006

	Motor Pool	Self- Insurance Health Care	Technology
Assets			
Current assets:			
Cash and cash equivalents	\$ 276,447	\$ -	\$ -
Accounts receivable	1,758	-	-
Due from other funds	315,724	1,681	81,145
Inventory	68,982	-	-
Total current assets	662,911	1,681	81,145
Noncurrent assets:			
Land	10,050	-	-
Buildings	351,771	-	-
Vehicles	2,872,814	-	-
Machinery and equipment	548,890	-	152,146
Less accumulated depreciation	(2,728,691)	-	(16,223)
Total capital assets (net of accumulated depreciation)	1,054,834	-	135,923
Total assets	1,717,745	1,681	217,068
Liabilities			
Current liabilities:			
Accounts payable	45,425	105	7,029
Accrued liabilities	1,367	-	1,110
Due to other funds	7,249	-	-
Installment note payable-current	-	-	43,955
Capital lease payable-current	28,833	-	-
Total current liabilities	82,874	105	52,094
Non-current liabilities:			
Installment note payable - Long-term	-	-	43,955
Capital lease payable - Long-term	166,991	-	-
Total non-current liabilities	166,991	-	43,955
Total liabilities	249,865	105	96,049
Net Assets			
Invested in capital assets, net of related debt	859,010	-	91,968
Unrestricted	608,870	1,576	29,051
Total net assets	\$ 1,467,880	\$ 1,576	\$ 121,019

Totals	
2007	2006
\$ 276,447	\$ 450,025
1,758	400
398,550	187,095
68,982	103,602
745,737	741,122
10,050	10,050
351,771	348,124
2,872,814	2,641,225
701,036	532,190
(2,744,914)	(2,573,979)
1,190,757	957,610
1,936,494	1,698,732
52,559	55,781
2,477	1,186
7,249	-
43,955	-
28,833	27,476
135,073	84,443
43,955	-
166,991	195,824
210,946	195,824
346,019	280,267
950,978	734,310
639,497	684,155
<u>\$ 1,590,475</u>	<u>\$ 1,418,465</u>

City of Burton
Combining Statements of Revenue, Expenses, and Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2007
With Comparative Totals for the Year Ended June 30, 2006

	Motor Pool	Self- Insurance Health Care	Technology
Operating Revenue			
Charges for services	\$ 793,937	\$ 721,017	\$ 221,575
Sale of materials	217,827	-	-
Miscellaneous	231	-	-
Total operating revenue	1,011,995	721,017	221,575
Operating Expenses			
Personal services	125,326	-	99,818
Contractual services	3,425	-	70,852
Supplies	359,955	-	6,707
Materials	173,363	-	-
Repairs	110,356	-	316
Utilities	8,680	-	-
Depreciation	266,358	-	15,677
Insurance	30,018	557,758	12
Claims	-	163,259	-
Miscellaneous	3,191	-	204
Total operating expenses	1,080,672	721,017	193,586
Operating Income (Loss)	(68,677)	-	27,989
Non-operating Revenue (Expenses):			
Interest on investments	11,856	-	-
Interest and fiscal charges	(11,030)	-	-
Gain on sale of capital assets	3,801	-	-
Total non-operating revenue	4,627	-	-
Income (Loss) before transfers	(64,050)	-	27,989
Transfers from other funds	172,775	-	56,164
Transfers to other funds	(20,868)	-	-
Change in Net Assets	87,857	-	84,153
Net Assets - Beginning of year	1,380,023	1,576	36,866
Net Assets - End of year	<u>\$ 1,467,880</u>	<u>\$ 1,576</u>	<u>\$ 121,019</u>

Totals	
2007	2006
\$ 1,736,529	\$ 1,669,701
217,827	172,079
231	212
1,954,587	1,841,992
225,144	196,653
74,277	69,057
366,662	271,844
173,363	177,353
110,672	156,308
8,680	8,442
282,035	271,778
587,788	624,630
163,259	126,280
3,395	2,633
1,995,275	1,904,978
(40,688)	(62,986)
11,856	11,629
(11,030)	(12,324)
3,801	15,995
4,627	15,300
(36,061)	(47,686)
228,939	58,500
(20,868)	(13,996)
172,010	(3,182)
1,418,465	1,421,647
\$ 1,590,475	\$ 1,418,465

City of Burton
Combining Statements of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2007
With Comparative Totals for the Year Ended June 30, 2006

	Motor Pool	Self- Insurance Health Care	Technology	Totals	
				2007	2006
Cash Flows from Operating Activities					
Receipts from quasi-external transactions	\$ 634,084	\$ 721,017	\$ 168,660	\$ 1,523,761	\$ 1,654,979
Payments to suppliers	(654,483)	(721,017)	(73,994)	(1,449,494)	(1,442,553)
Payments to employees	(124,067)	-	(99,786)	(223,853)	(196,186)
Other operating revenue	218,058	-	-	218,058	172,291
Net cash provided by (used in) operating activities	73,592	-	(5,120)	68,472	188,531
Cash Flows from Noncapital Financing Activities					
Transfers from other funds	172,775	-	56,164	228,939	58,500
Transfers to other funds	(20,868)	-	-	(20,868)	(13,996)
Net cash provided by noncapital financing activities	151,907	-	56,164	208,071	44,504
Cash Flows from Capital and Related Financing Activities					
Proceeds from installment note payable	-	-	111,490	111,490	-
Acquisition and construction of capital assets	(388,573)	-	(138,954)	(527,527)	(107,833)
Proceeds from sale of capital assets	16,146	-	-	16,146	25,090
Payments on installment note payable	-	-	(23,580)	(23,580)	-
Payments on capital lease	(27,476)	-	-	(27,476)	(26,183)
Interest paid on capital lease	(11,030)	-	-	(11,030)	(12,324)
Net cash used in capital and related financing activities	(410,933)	-	(51,044)	(461,977)	(121,250)
Cash Flows from Investing Activities					
Interest on investments	11,856	-	-	11,856	11,629
Net cash provided by investing activities	11,856	-	-	11,856	11,629
Net Increase (Decrease) in Cash and Cash Equivalents	(173,578)	-	-	(173,578)	123,414
Cash and Cash Equivalents - Beginning of year	450,025	-	-	450,025	316,523
Cash and Cash Equivalents - End of year	\$ 276,447	\$ - 0 -	\$ - 0 -	\$ 276,447	\$ 439,937

(continued)

City of Burton
Combining Statements of Cash Flows
Internal Service Funds (continued)
For the Year Ended June 30, 2007
With Comparative Totals for the Year Ended June 30, 2006

	Motor Pool	Self- Insurance Health Care	Technology	<u>Totals</u>	
				2007	2006
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating income (loss)	\$ (68,677)	\$ -	\$ 27,989	\$ (40,688)	\$ (62,986)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	266,358	-	15,677	282,035	271,778
Insurance proceeds	-	-	-	-	-
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(1,358)	-	-	(1,358)	172
(Increase) decrease in due from other funds	(158,495)	(45)	(52,915)	(211,455)	(4,836)
(Increase) decrease in inventory	34,620	-	-	34,620	(17,360)
Increase (decrease) in accounts payable	(7,364)	45	4,097	(3,222)	11,384
Increase (decrease) in accrued liabilities	1,259	-	32	1,291	467
Increase (decrease) in due to other funds	7,249	-	-	7,249	-
Total adjustments	142,269	-	(33,109)	109,160	261,605
Net cash provided by (used in) operating activities	<u>\$ 73,592</u>	<u>\$ - 0 -</u>	<u>\$ (5,120)</u>	<u>\$ 68,472</u>	<u>\$ 198,619</u>

Fiduciary Funds

Agency Funds

Current Tax Fund – To account for the collection and payment to the county, school districts, and other city funds of property taxes collected by the City on their behalf.

General Agency – To account for the collection and payment to the county, school districts, and other City funds of delinquent property taxes and trailer park fees collected by the City on their behalf. Also, to account for collections and payments for senior citizen activities.

City of Burton
All Agency Funds
Combining Balance Sheet
June 30, 2007
With Comparative Totals for June 30, 2006

	Current Tax Fund	General Agency	Totals	
			2007	2006
Assets				
Cash and cash equivalents	\$ 7,075	\$ 121,242	\$ 128,317	\$ 84,572
Liabilities				
Accounts payable	\$ 7,075	\$ 121,242	\$ 128,317	\$ 84,572

**City of Burton
All Agency Funds
Statement of Changes in Assets and Liabilities
Year Ended June 30, 2007**

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<u>Current Tax Fund</u>				
Assets				
Cash and cash equivalents	\$ 6,689	\$ 30,016,365	\$ 30,015,979	\$ 7,075
Liabilities				
Accounts payable	\$ 6,689	\$ 1,345	\$ 959	\$ 7,075
Due to other governments	-	30,015,020	30,015,020	-
Total liabilities	\$ 6,689	\$ 30,016,365	\$ 30,015,979	\$ 7,075

General Agency

Assets				
Cash and cash equivalents	\$ 77,883	\$ 1,545,718	\$ 1,502,359	\$ 121,242
Accounts payable	\$ 77,883	\$ 2,143,633	\$ 2,100,274	\$ 121,242

Total - All Agency Funds

Assets				
Cash and cash equivalents	\$ 84,572	\$ 31,562,083	\$ 31,518,338	\$ 128,317
Liabilities				
Accounts payable	\$ 84,572	\$ 2,144,978	\$ 2,101,233	\$ 128,317
Due to other governments	-	30,015,020	30,015,020	-
Total liabilities	\$ 84,572	\$ 32,159,998	\$ 32,116,253	\$ 128,317

**Capital Assets used in the Operation of
Governmental Funds**

City of Burton
Capital Assets used in the Operation of Governmental Funds
Comparative Schedule by Source¹
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Governmental Funds Capital Assets		
Land	\$ 157,824	\$ 157,759
Buildings	5,710,286	5,702,922
Improvements other than buildings	1,061,872	1,020,852
Vehicles	1,690,029	1,680,871
Office equipment	805,822	755,125
Machinery and other equipment	936,343	918,976
Federal grant equipment	870,176	636,918
Infrastructure	37,960,260	35,545,874
	<hr/>	<hr/>
Total governmental funds capital assets	<u>\$ 49,192,612</u>	<u>\$ 46,419,297</u>
 Investment in Governmental Funds Capital Assets by Source		
General fund	\$ 15,382,861	\$ 15,276,692
Major and local funds	28,878,188	26,475,854
Police fund	550,483	518,930
Capital improvement fund	1,317,861	1,317,861
Federal entitlement grants	2,320,005	2,086,746
Federal restricted grants	743,214	743,214
	<hr/>	<hr/>
Total governmental funds capital assets	<u>\$ 49,192,612</u>	<u>\$ 46,419,297</u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included in governmental activities in the statement of net assets.

City of Burton
Capital Assets used in the Operation of Governmental Funds
Schedule by Function and Activity¹
June 30, 2007

	Total	Land	Buildings
General Government			
City Council	\$ 2,260	\$ -	\$ -
Mayor	70,201	-	-
Controller	18,471	-	-
Assessor	79,368	-	-
Elections	178,891	-	-
Clerk	7,094	-	-
Treasurer	16,001	-	-
City hall and grounds	1,886,099	140,314	1,543,221
Other City property	1,043,129	-	775,774
Building authority	3,685,914	-	3,391,291
Total general government	6,987,428	140,314	5,710,286
Public Safety			
Police	1,326,937	-	-
Fire	2,123,740	-	-
Building department	58,564	-	-
Total public safety	3,509,241	-	-
Public Works and Utilities	37,960,260	-	-
Parks and Recreation	735,683	17,510	-
Total governmental funds capital assets	<u>\$ 49,192,612</u>	<u>\$ 157,824</u>	<u>\$ 5,710,286</u>

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included in governmental activities in the statement of net assets.

Improvements Other than Buildings	Vehicles	Office Equipment	Machinery and Equipment	Federal Grant Equipment	Infrastructure
\$ -	\$ -	\$ 2,260	\$ -	\$ -	\$ -
-	50,434	19,767	-	-	-
-	-	18,471	-	-	-
-	25,923	53,445	-	-	-
-	-	90,547	-	88,344	-
-	-	7,094	-	-	-
-	-	16,001	-	-	-
116,823	-	85,741	-	-	-
159,047	20,362	71,017	16,929	-	-
67,829	-	226,794	-	-	-
343,699	96,719	591,137	16,929	88,344	-
-	619,117	119,131	336,501	252,188	-
-	974,193	36,990	582,913	529,644	-
-	-	58,564	-	-	-
-	1,593,310	214,685	919,414	781,832	-
-	-	-	-	-	37,960,260
718,173	-	-	-	-	-
\$ 1,061,872	\$ 1,690,029	\$ 805,822	\$ 936,343	\$ 870,176	\$ 37,960,260

City of Burton
Capital Assets used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity¹
Year Ended June 30, 2007

Function and Activity	Governmental Funds Capital Assets			Governmental Funds Capital Assets	
	July 1, 2006	Additions	Deductions	June 30, 2007	
General Government					
City Council	\$ 2,260	\$ -	\$ -	\$ 2,260	
Mayor	70,201	-	-	70,201	
Controller	18,471	-	-	18,471	
Assessor	79,368	-	-	79,368	
Elections	176,616	2,275	-	178,891	
Clerk	7,094	-	-	7,094	
Treasurer	16,001	-	-	16,001	
City hall and grounds	1,877,297	8,802	-	1,886,099	
Other city property	1,021,100	22,029	-	1,043,129	
Building authority	3,685,914	-	-	3,685,914	
Total general government	6,954,322	33,106	-	6,987,428	
Public Safety					
Police	1,271,054	163,788	107,905	1,326,937	
Fire	1,894,885	238,821	9,966	2,123,740	
Building department	58,564	-	-	58,564	
Total public safety	3,224,503	402,609	117,871	3,509,241	
Public Works and Utilities	35,545,874	2,875,868	461,482	37,960,260	
Parks and Recreation	694,598	41,085	-	735,683	
Total governmental funds capital assets	\$ 46,419,297	\$ 3,352,668	\$ 579,353	\$ 49,192,612	

¹This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included in governmental activities in the statement of net assets.

Debt Service Requirements to Maturity Schedule

To account for long-term liabilities expected to be financed from governmental funds and the governmental activities internal service fund other than special assessment funds.

City of Burton
Annual Debt Service Requirements on
Governmental Type Activity Debt

<u>Year Ended</u>	<u>Debt Service Requirements</u>
6-30-2008	\$ 2,121,933
6-30-2009	1,664,623
6-30-2010	1,574,874
6-30-2011	1,445,164
6-30-2012	1,407,188
6-30-2013	1,388,345
6-30-2014	1,020,899
6-30-2015	727,986
6-30-2016	775,249
6-30-2017	724,857
6-30-2018	699,283
6-30-2019	609,406
6-30-2020	266,825
6-30-2021	<u>157,500</u>
	<u>\$14,584,132</u>
Principal	\$12,037,774
Interest	<u>2,546,358</u>
	<u>\$14,584,132</u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
General obligation	\$ 3,722,774	\$ 935,448	\$ 4,658,222
Special assessment debt with governmental commitment	<u>8,315,000</u>	<u>1,610,910</u>	<u>9,925,910</u>
	<u>\$12,037,774</u>	<u>\$2,546,358</u>	<u>\$14,584,132</u>

City of Burton
Schedule of Debt Service Requirements
Genesee County Sewage Disposal #1 City of Burton Trunks, Series #2

<u>Fiscal Year Ended</u>	<u>Debt Fund Requirement</u>	<u>Interest</u>		<u>Principal June 1</u>	<u>Year End Balance</u>
		<u>June 1</u>	<u>December 1</u>		
6-30-2008	<u>\$147,700</u>	<u>\$ 3,850</u>	<u>\$ 3,850</u>	<u>\$140,000</u>	\$140,000 -

Notes of this series are dated April 1, 1969. Interest range: 5.25% - 5.5%.

Notes of this issue maturing in the years 1993 through 2008 are subject to redemption prior to maturity at the option of the City at par value and accrued interest, plus a premium as follows:

- 1% of the par value of each note called for redemption after July 1, 1998,
and prior to July 1, 2005;
- 0% of the par value of each note called for redemption after July 1, 2005,
but prior to maturity.

City of Burton
Schedule of Debt Service Requirements
Genesee County Sewage Disposal #1 City of Burton Laterals, Series #2

<u>Fiscal Year Ended</u>	<u>Debt Fund Requirement</u>	<u>Interest</u>		<u>Principal June 1</u>	<u>Year End Balance</u>
		<u>June 1</u>	<u>December 1</u>		
6-30-2008	\$105,500	\$ 2,750	\$ 2,750	\$100,000	\$100,000 -

Notes of this series are dated April 1, 1969. Interest range: 5.25% - 5.4%.

Notes of this issue maturing in the years 1993 through 2008 are subject to redemption prior to maturity at the option of the City at par value and accrued interest, plus a premium as follows:

- 1% of the par value of each note called for redemption after July 1, 1998,
and prior to July 1, 2005;
- 0% of the par value of each note called for redemption after July 1, 2005,
but prior to maturity.

City of Burton
Schedule of Debt Service Requirements
Michigan Act 51 Transportation Fund Bonds
1998 Series

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal February 1</u>	<u>Balance</u>
			<u>August 1</u>	<u>February 1</u>		
						\$1,400,000
6-30-2008	4.60	\$ 263,000	\$ 31,500	\$ 31,500	\$ 200,000	1,200,000
6-30-2009	4.65	253,800	26,900	26,900	200,000	1,000,000
6-30-2010	4.75	294,500	22,250	22,250	250,000	750,000
6-30-2011	4.80	282,625	16,313	16,312	250,000	500,000
6-30-2012	4.25	270,625	10,312	10,313	250,000	250,000
6-30-2013	4.00	260,000	5,000	5,000	250,000	-
		<u>\$1,624,550</u>	<u>\$112,275</u>	<u>\$112,275</u>	<u>\$1,400,000</u>	

Bonds of this series are dated May 1, 1998.

Bonds of this issue are not subject to redemption prior to maturity. These bonds and the interest therein are payable from the proceeds of state-collected taxes returned to the City of Burton as Act 51 monies, or in the case of insufficiency of the state-collected funds, out of the general funds of the City of Burton.

City of Burton
Schedule of Debt Service Requirements
1993 Refunding Building Authority Bonds

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
6-30-2008	5.00	<u>\$ 87,125</u>	<u>\$ 2,125</u>	<u>\$ -0-</u>	<u>\$ 85,000</u>	\$ 85,000 -

Bonds of this series are dated May 1, 1993.
The bonds are not subject to optional redemption prior to maturity.

City of Burton
Schedule of Debt Service Requirements
Series 2002 Building Authority Bonds

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal April 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						\$1,575,000
6-30-2008	4.40	\$ 122,413	\$ 36,206	\$ 36,207	\$ 50,000	1,525,000
6-30-2009	4.25	145,212	35,106	35,106	75,000	1,450,000
6-30-2010	4.10	142,025	33,513	33,512	75,000	1,375,000
6-30-2011	4.20	138,950	31,975	31,975	75,000	1,300,000
6-30-2012	4.30	160,800	30,400	30,400	100,000	1,200,000
6-30-2013	4.40	156,500	28,250	28,250	100,000	1,100,000
6-30-2014	4.50	152,100	26,050	26,050	100,000	1,000,000
6-30-2015	4.55	147,600	23,800	23,800	100,000	900,000
6-30-2016	4.60	193,050	21,525	21,525	150,000	750,000
6-30-2017	4.70	186,150	18,075	18,075	150,000	600,000
6-30-2018	4.75	179,100	14,550	14,550	150,000	450,000
6-30-2019	4.80	171,975	10,988	10,987	150,000	300,000
6-30-2020	4.85	164,775	7,388	7,387	150,000	150,000
6-30-2021	5.00	157,500	3,750	3,750	150,000	-
		<u>\$2,218,150</u>	<u>\$321,576</u>	<u>\$321,574</u>	<u>\$1,575,000</u>	

Original amount - \$1,800,000

Purpose – city hall addition and renovation

Bonds of this series are dated March 1, 2002.

Bonds or portions thereof maturing in the years 2012 to 2021, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after April 1, 2011, at par and accrued interest.

City of Burton
Schedule of Debt Service Requirements
Capital Lease - Equipment
Engine 22@ Station #2 & Engine 32@ Station #3

<u>Year Ended</u>	<u>Payment</u>	<u>July 15</u>		<u>Balance</u>
		<u>Interest</u>	<u>Principal</u>	
6-30-2008	\$ 52,083	\$ 8,439	\$ 43,644	\$139,040
6-30-2009	52,083	5,790	46,293	92,746
6-30-2010	52,083	2,980	49,103	49,103
				-
	<u>\$156,249</u>	<u>\$ 17,209</u>	<u>\$139,040</u>	

Date of issue: April 6, 2006

City of Burton
Schedule of Debt Service Requirements
Capital Lease – DPW Vehicles

<u>Year Ended</u>	<u>Payment</u>	<u>July 10</u>		<u>Balance</u>
		<u>Interest</u>	<u>Principal</u>	
				\$195,824
6-30-2008	\$ 38,506	\$ 9,673	\$ 28,833	166,991
6-30-2009	38,507	8,249	30,258	136,733
6-30-2010	38,506	6,754	31,752	104,981
6-30-2011	38,507	5,186	33,321	71,660
6-30-2012	38,506	3,540	34,966	36,694
6-30-2013	38,506	1,812	36,694	-
	<u>\$231,038</u>	<u>\$ 35,214</u>	<u>\$195,824</u>	

Date of issue: June 30, 2004
Interest rate: 4.9397%

City of Burton
Schedule of Debt Service Requirements
Installment Purchase Agreement
BS&A Software

<u>Year Ended</u>	<u>Payment</u>	<u>July 15</u>		<u>Balance</u>
		<u>Interest</u>	<u>Principal</u>	
6-30-2008	\$ 43,955	\$ -	\$ 43,955	\$ 87,910
6-30-2009	43,955	-	43,955	43,955
				-
	<u>\$ 87,910</u>	<u>\$ -0-</u>	<u>\$ 87,910</u>	

Date of issue: February 1, 2007

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-95-1, P-95-2, P-95-4, P-95-5, P-95-9, P-95-10, P-95-20, and P-95-20A

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
6-30-2008	5.60	<u>\$ 77,100</u>	<u>\$ 2,100</u>	<u>\$ -0-</u>	<u>\$ 75,000</u>	<u>\$ 75,000</u> -

<u>Fund</u>	<u>Balance June 30, 2007</u>	<u>Collection Period %</u>
P-95-1	\$ 13,608	18.1%
P-95-2	14,536	19.4
P-95-4	11,242	15.1
P-95-5	2,020	2.7
P-95-9	15,464	20.6
P-95-10	13,293	17.7
P-95-20	3,544	4.7
P-95-20A	<u>1,293</u>	<u>1.7</u>
	<u>\$ 75,000</u>	<u>100.0%</u>

Bonds of this series are dated May 1, 1996.

Bonds maturing in the years 2005 to 2007, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after October 1, 2004, at par and accrued interest.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-96-5, P-96-7, and P-96-9

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
6-30-2008	5.20	\$ 32,340	\$ 1,560	\$ 780	\$ 30,000	\$ 60,000
6-30-2009	5.20	30,780	780	-	30,000	30,000
						-
		<u>\$ 63,120</u>	<u>\$ 2,340</u>	<u>\$ 780</u>	<u>\$ 60,000</u>	

<u>Fund</u>	<u>Balance June 30, 2007</u>	<u>Collection Period %</u>
P-96-5	\$ 7,062	11.8%
P-96-7	36,656	61.1
P-96-9	16,282	27.1
	<u>\$ 60,000</u>	<u>100.0%</u>

Bonds of this series are dated May 1, 1997.

Bonds maturing in the years 2006 to 2008, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after October 1, 2005, at par and accrued interest.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-97-2, P-97-3, P-97-4, P-97-5, P-97-6, P-97-7, P-97-8, and W-97-1

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						\$395,000
6-30-2008	4.60	\$ 92,470	\$ 9,598	\$ 7,872	\$ 75,000	320,000
6-30-2009	4.70	88,983	7,873	6,110	75,000	245,000
6-30-2010	4.80	85,420	6,110	4,310	75,000	170,000
6-30-2011	4.90	47,640	4,310	3,330	40,000	130,000
6-30-2012	5.00	26,160	3,330	2,830	20,000	110,000
6-30-2013	5.10	25,150	2,830	2,320	20,000	90,000
6-30-2014	5.10	24,130	2,320	1,810	20,000	70,000
6-30-2015	5.15	23,105	1,810	1,295	20,000	50,000
6-30-2016	5.15	22,075	1,295	780	20,000	30,000
6-30-2017	5.20	16,170	780	390	15,000	15,000
6-30-2018	5.20	15,390	390	-	15,000	-
		<u>\$466,693</u>	<u>\$ 40,646</u>	<u>\$ 31,047</u>	<u>\$395,000</u>	

<u>Fund</u>	<u>Assessment Period</u>	<u>Balance June 30, 2007</u>	<u>Collection Period %</u>
P-97-2	12 years	\$ 25,245	6.4%
P-97-3	12 years	32,288	8.2
P-97-4	12 years	21,980	5.6
P-97-5	12 years	23,650	6.0
P-97-6	12 years	30,403	7.7
P-97-7	12 years	21,225	5.4
P-97-8	12 years	79,965	20.2
W-97-1	20 years	160,244	40.5
		<u>\$395,000</u>	<u>100.0%</u>

Bonds of this series are dated May 1, 1998.

Bonds maturing in the years 2005 to 2017, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after October 1, 2004, at par and accrued interest.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-98-5, W-98-1, and SS-98-1

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
6-30-2008	4.20	\$127,315	\$ 14,707	\$ 12,608	\$100,000	\$690,000
6-30-2009	4.20	123,115	12,608	10,507	100,000	590,000
6-30-2010	4.20	118,915	10,507	8,408	100,000	490,000
6-30-2011	4.25	114,690	8,408	6,282	100,000	390,000
6-30-2012	4.30	110,415	6,282	4,133	100,000	290,000
6-30-2013	4.35	106,090	4,133	1,957	100,000	190,000
6-30-2014	4.35	91,957	1,957	-	90,000	90,000
						-
		<u>\$792,497</u>	<u>\$ 58,602</u>	<u>\$ 43,895</u>	<u>\$690,000</u>	

<u>Fund</u>	<u>Balance June 30, 2007</u>	<u>Collection Period %</u>
P-98-5	\$431,250	62.5%
W-98-1	110,045	16.0
SS-98-1	148,705	21.5
	<u>\$690,000</u>	<u>100.0%</u>

Bonds of this series are dated October 1, 1998.

Bonds or portions thereof maturing in the years 2005 to 2014, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after October 1, 2004, at par and accrued interest, plus a premium, as follows:

1% of the principal amount of each bond or portion thereof called for redemption on or after October 1, 2004, but prior to October 1, 2006.

½% of the principal amount of each bond or portion thereof called for redemption on or after October 1, 2006, but prior to October 1, 2008.

No premium shall be paid on bonds or portions thereof called for redemption on or after October 1, 2008.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-98-3, P-98-7, P-98-13, P-98-14, W98-2, W-98-3, SS-98-2, and SS-98-3

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						\$1,150,000
6-30-2008	4.20	\$ 223,538	\$ 26,106	\$ 22,432	\$ 175,000	975,000
6-30-2009	4.30	216,100	22,432	18,668	175,000	800,000
6-30-2010	4.45	184,000	18,668	15,332	150,000	650,000
6-30-2011	4.60	177,213	15,332	11,881	150,000	500,000
6-30-2012	4.70	170,237	11,881	8,356	150,000	350,000
6-30-2013	4.75	187,556	8,356	4,200	175,000	175,000
6-30-2014	4.80	179,200	4,200	-	175,000	-
		<u>\$1,337,844</u>	<u>\$106,975</u>	<u>\$80,869</u>	<u>\$1,150,000</u>	

<u>Fund</u>	<u>Assessment Period</u>	<u>Balance June 30, 2007</u>	<u>Collection Period %</u>
P-98-3	12 years	\$ 34,020	3.0%
P-98-7	12 years	60,500	5.3
P-98-13	15 years	492,340	42.8
P-98-14	15 years	178,540	15.5
W-98-2	15 years	121,085	10.5
W-98-3	15 years	45,795	4.0
SS-98-2	15 years	131,565	11.4
SS-98-3	15 years	86,155	7.5
		<u>\$1,150,000</u>	<u>100.0%</u>

Bonds of this series are dated May 1, 1999.

Bonds or portions thereof maturing in the years 2004 to 2013, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any interest payment date on or after October 1, 2004, at par and accrued interest, plus a premium, as follows:

½% of the principal amount of each bond or portion thereof called for redemption on or after October 1, 2004, but prior to October 1, 2004.

No premium shall be paid on bonds or portions thereof called for redemption on or after October 1, 2004.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-99-1, P-00-3, and P-02-2

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						\$375,000
6-30-2008	2.00	\$ 60,688	\$ 5,594	\$ 5,094	\$ 50,000	325,000
6-30-2009	2.25	34,906	5,094	4,812	25,000	300,000
6-30-2010	2.55	34,306	4,812	4,494	25,000	275,000
6-30-2011	2.80	33,638	4,494	4,144	25,000	250,000
6-30-2012	3.00	32,913	4,145	3,768	25,000	225,000
6-30-2013	3.05	32,156	3,768	3,388	25,000	200,000
6-30-2014	3.15	31,381	3,388	2,993	25,000	175,000
6-30-2015	3.25	30,581	2,993	2,588	25,000	150,000
6-30-2016	3.35	54,337	2,587	1,750	50,000	100,000
6-30-2017	3.45	52,637	1,750	887	50,000	50,000
6-30-2018	3.55	50,887	887	-	50,000	-
		<u>\$448,430</u>	<u>\$ 39,512</u>	<u>\$ 33,918</u>	<u>\$375,000</u>	

<u>Fund</u>	<u>Assessment Period</u>	<u>Balance June 30, 2007</u>	<u>Collection Period %</u>
P-99-1	15 years	\$ 46,875	12.5%
P-00-3	15 years	78,128	20.8
P-02-2	15 years	249,997	66.7
		<u>\$375,000</u>	<u>100.0%</u>

Bonds of this series are dated June 1, 2002.

Bonds or portions thereof in multiples of \$5,000, maturing in the years 2009 to 2017, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and within any maturity by lot, on any interest payment date on or after October 1, 2008, at par and accrued interest to the date fixed for redemption.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-03-1, W-03-1, and SS-03-1

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						\$2,400,000
6-30-2008	2.00	\$270,100	\$36,050	\$34,050	\$200,000	2,200,000
6-30-2009	2.25	265,850	34,050	31,800	200,000	2,000,000
6-30-2010	2.55	261,050	31,800	29,250	200,000	1,800,000
6-30-2011	2.80	255,700	29,250	26,450	200,000	1,600,000
6-30-2012	3.00	249,900	26,450	23,450	200,000	1,400,000
6-30-2013	3.05	243,850	23,450	20,400	200,000	1,200,000
6-30-2014	3.15	237,650	20,400	17,250	200,000	1,000,000
6-30-2015	3.25	231,250	17,250	14,000	200,000	800,000
6-30-2016	3.35	224,650	14,000	10,650	200,000	600,000
6-30-2017	3.45	217,850	10,650	7,200	200,000	400,000
6-30-2018	3.55	210,850	7,200	3,650	200,000	200,000
6-30-2019	3.65	203,650	3,650	-	200,000	-
		<u>\$2,872,350</u>	<u>\$254,200</u>	<u>\$218,150</u>	<u>\$2,400,000</u>	

<u>Fund</u>	<u>Assessment Period</u>	<u>Balance June 30, 2007</u>	<u>Collection Period %</u>
P-03-1	16 years	\$1,651,292	68.8%
W-03-1	16 years	318,065	13.2
SS-03-1	16 years	430,643	18.0
		<u>\$2,400,000</u>	<u>100.0%</u>

Bonds of this series are dated June 1, 2003.

Bonds or portions thereof in multiples of \$5,000, maturing in the years 2009 to 2018, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and within any maturity by lot, on any interest payment date on or after October 1, 2008, at par and accrued interest to the date fixed for redemption.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-04-1, W-04-1, and SS-04-1

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						\$1,650,000
6-30-2008	2.25	\$ 203,650	\$ 27,669	\$ 25,981	\$ 150,000	1,500,000
6-30-2009	2.40	200,162	25,981	24,181	150,000	1,350,000
6-30-2010	2.70	196,338	24,181	22,157	150,000	1,200,000
6-30-2011	3.00	192,063	22,156	19,907	150,000	1,050,000
6-30-2012	3.30	187,337	19,906	17,431	150,000	900,000
6-30-2013	3.45	182,275	17,431	14,844	150,000	750,000
6-30-2014	3.65	152,406	14,844	12,562	125,000	625,000
6-30-2015	3.80	147,751	12,563	10,188	125,000	500,000
6-30-2016	3.90	142,938	10,188	7,750	125,000	375,000
6-30-2017	4.00	138,000	7,750	5,250	125,000	250,000
6-30-2018	4.15	132,906	5,250	2,656	125,000	125,000
6-30-2019	4.25	127,656	2,656	-	125,000	-
		<u>\$2,003,482</u>	<u>\$190,575</u>	<u>\$162,907</u>	<u>\$1,650,000</u>	

<u>Fund</u>	<u>Assessment Period</u>	<u>Balance June 30, 2007</u>	<u>Collection Period %</u>
P-04-1	15 years	\$1,046,773	63.4%
W-04-1	15 years	283,458	17.2
SS-04-1	15 years	319,769	19.4
		<u>\$1,650,000</u>	<u>100.0%</u>

Bonds of this series are dated April 1, 2004.

Bonds maturing in the years 2004 to 2012, inclusive, shall not be subject to redemption prior to maturity.

Bonds or portions thereof in multiples of \$5,000, maturing in the years 2013 to 2018, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and within any maturity by lot, on any interest payment date on or after October 1, 2012, at par and accrued interest to the date fixed for redemption.

City of Burton
Schedule of Debt Service Requirements
Special Assessment Debt with Governmental Commitment
Projects P-04-2, P-04-3, P-04-4, W-04-2 and SS-04-2

<u>Year Ended</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
						\$1,520,000
6-30-2008	2.50	\$ 174,450	\$ 25,506	\$ 23,944	\$ 125,000	1,395,000
6-30-2009	2.75	171,169	23,944	22,225	125,000	1,270,000
6-30-2010	2.75	167,731	22,225	20,506	125,000	1,145,000
6-30-2011	3.00	164,137	20,506	18,631	125,000	1,020,000
6-30-2012	3.15	160,294	18,631	16,663	125,000	895,000
6-30-2013	3.30	156,263	16,663	14,600	125,000	770,000
6-30-2014	3.40	152,075	14,600	12,475	125,000	645,000
6-30-2015	3.60	147,700	12,475	10,225	125,000	520,000
6-30-2016	3.75	138,200	10,225	7,975	120,000	400,000
6-30-2017	3.80	114,050	7,975	6,075	100,000	300,000
6-30-2018	4.00	110,150	6,075	4,075	100,000	200,000
6-30-2019	4.05	106,125	4,075	2,050	100,000	100,000
6-30-2020	4.10	102,050	2,050	-	100,000	-
		<u>\$1,864,394</u>	<u>\$184,950</u>	<u>\$159,444</u>	<u>\$1,520,000</u>	

<u>Fund</u>	<u>Assessment Period</u>	<u>Balance June 30, 2007</u>	<u>Collection Period %</u>
P-04-2	15 years	\$ 843,837	55.5%
P-04-3	12 years	49,490	3.3
P-04-4	12 years	60,131	3.9
W-04-2	15 years	252,042	16.6
SS-04-2	15 years	314,500	20.7
		<u>\$1,520,000</u>	<u>100.0%</u>

Bonds of this series are dated September 1, 2004.

Bonds maturing in the years 2005 to 2012, inclusive, shall not be subject to redemption prior to maturity.

Bonds or portions thereof in multiples of \$5,000, maturing in the years 2013 to 2019, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in such order as the City shall determine, on any date on or after October 1, 2012, at par and accrued interest to the date fixed for redemption.

Statistical Section

City of Burton
Net Assets by Component

	June 30,				
	2003	2004	2005	2006	2007
Governmental Activities					
Invested in capital assets, net of related debt	\$ 11,003,333	\$ 10,991,151	\$ 12,840,578	\$ 14,207,079	\$ 17,350,796
Restricted	9,803,425	14,722,506	15,477,423	13,275,078	11,047,945
Unrestricted	7,050,164	2,909,596	2,316,737	3,387,018	2,748,954
Total net assets	<u>\$ 27,856,922</u>	<u>\$ 28,623,253</u>	<u>\$ 30,634,738</u>	<u>\$ 30,869,175</u>	<u>\$ 31,147,695</u>
Business Type Activities					
Invested in capital assets, net of related debt	\$ 38,479,388	\$ 40,193,641	\$ 41,200,361	\$ 41,393,315	\$ 40,964,368
Restricted	235,921	235,921	235,921	288,794	302,882
Unrestricted	11,103,179	11,144,311	11,177,040	11,871,743	12,462,518
Total net assets	<u>\$ 49,818,488</u>	<u>\$ 51,573,873</u>	<u>\$ 52,613,322</u>	<u>\$ 53,553,852</u>	<u>\$ 53,729,768</u>
Primary Government in Total					
Invested in capital assets, net of related debt	\$ 49,482,721	\$ 51,184,792	\$ 54,040,939	\$ 55,600,394	\$ 58,315,164
Restricted	10,039,346	14,958,427	15,713,344	13,563,872	11,350,827
Unrestricted	18,153,343	14,053,907	13,493,777	15,258,761	15,211,472
Total net assets	<u>\$ 77,675,410</u>	<u>\$ 80,197,126</u>	<u>\$ 83,248,060</u>	<u>\$ 84,423,027</u>	<u>\$ 84,877,463</u>

Information for years prior to the implementation of GASB 34 is not available. First year of implementation was 2003.

City of Burton

Changes in Governmental Net Assets

	Fiscal Year Ended June 30,				
	2003	2004	2005	2006	2007
Expenses					
General government	\$ 725,101	\$ 2,218,324	\$ 1,864,066	\$ 1,982,461	\$ 1,837,845
Public service	1,819,002	3,094,584	1,754,456	1,982,019	1,987,506
Public safety	5,663,559	6,296,695	6,035,319	5,624,006	5,422,371
Public works	1,617,045	1,895,436	2,749,461	3,793,648	4,807,487
Parks and recreation	61,852	100,722	69,319	96,359	82,957
Planning and zoning	83,586	90,016	90,087	78,018	88,635
Health and welfare	-	-	-	-	63,710
Interest on long-term debt	657,920	631,469	661,562	598,768	519,057
Total governmental activities	10,628,065	14,327,246	13,224,270	14,155,279	14,809,568
Program Revenues					
Charges for services					
General government	424,135	599,541	665,068	734,072	736,276
Public service	1,133,940	4,241,193	2,950,024	1,352,688	1,407,128
Public safety	85,398	90,304	85,428	632,536	340,248
Public works	129,710	-	968,043	335,530	376,543
Planning and zoning	23,150	-	-	-	-
Total charges for services	1,796,333	4,931,038	4,668,563	3,054,826	2,860,195
Operating grants and contributions	2,905,616	3,427,071	3,578,668	3,166,982	2,885,207
Capital grants and contributions	3,620,319	108,782	15,165	148,046	1,318,559
Total program revenue	8,322,268	8,466,891	8,262,396	6,369,854	7,063,961
Net (Expense) Revenue	(2,305,797)	(5,860,355)	(4,961,874)	(7,785,425)	(7,745,607)
General revenues:					
Property taxes	4,618,537	4,246,263	4,292,604	4,421,288	4,588,302
State-shared revenues	2,974,857	2,703,933	2,674,385	2,644,622	2,565,859
Unrestricted grants and contributions	668,141	326,492	410,776	282,392	291,221
Unrestricted investment earnings	229,256	366,566	548,019	684,620	712,755
Gain (Loss) on disposal of capital assets	(45,617)	9,256	9,627	38,652	13,310
Special Item - special assessment roll change	-	-	-	-	(259,861)
Transfers	2,926	(1,025,924)	(962,052)	(51,712)	112,541
Total general revenue and transfers	8,448,100	6,626,586	6,973,359	8,019,862	8,024,127
Change in Net Assets	\$ 6,142,303	\$ 766,231	\$ 2,011,485	\$ 234,437	\$ 278,520

Information for years prior to the implementation of GASB 34 is not available. First year of implementation was 2003.

City of Burton
Changes in Business Type Net assets

	Fiscal Year Ended June 30,				
	2003	2004	2005	2006	2007
Operating Revenue					
Sale of water	\$ 2,039,030	\$ 2,231,784	\$ 2,249,907	\$2,573,652	\$2,441,331
Sewage disposal charges	2,623,060	2,592,819	2,587,482	2,700,145	3,344,837
Interest and penalty charges	123,947	123,075	136,779	67,481	71,752
Other charges for services	173,403	229,035	206,401	34,552	14,069
Total operating revenue	4,959,440	5,176,713	5,180,569	5,375,830	5,871,989
Operating Expenses					
Cost of water produced/purchased	1,164,105	1,409,051	1,530,540	1,450,183	1,591,698
Cost of sewage treatment	1,837,698	2,008,861	1,932,429	1,894,867	1,973,375
Other operation and maintenance costs	1,614,631	1,609,400	1,620,875	1,696,721	1,851,446
Billing and administrative costs	55,265	38,145	43,928	35,893	30,769
Depreciation	644,621	692,981	691,135	713,244	730,205
Total operating expenses	5,316,320	5,758,438	5,818,907	5,790,908	6,177,493
Operating Income (Loss)	(356,880)	(581,725)	(638,338)	(415,078)	(305,504)
Nonoperating Revenue (Expenses)					
Interest income	11,258	9,117	8,558	8,597	6,389
Investment income	163,246	113,714	207,897	439,947	589,839
Interest expense	(121,550)	(119,362)	(116,593)	(113,043)	(109,787)
Gain (loss) on disposal of assets	-	-	19,637	-	-
Income (loss) - before contributions and other items	(303,926)	(578,256)	(518,839)	(79,577)	180,937
Capital Contributions	415,387	1,305,641	596,236	968,395	107,520
Special assessments	-	2,076	-	-	-
Total capital contributions	415,387	1,307,717	596,236	968,395	107,520
Transfers from other funds	-	1,028,924	965,052	55,712	25,088
Transfers to other funds	(2,926)	(3,000)	(3,000)	(4,000)	(137,629)
Change in Net Assets	\$ 108,535	\$ 1,755,385	\$ 1,039,449	\$ 940,530	\$ 175,916

Information for years prior to the implementation of GASB 34 is not available. First year of implementation was 2003.

City of Burton
Fund Balances, Governmental Funds

	1998	1999	2000	2001
General Fund:				
Reserved	\$ 189,705	\$ 156,929	\$ 240,068	\$ 252,459
Unreserved	1,756,701	1,497,419	1,842,516	1,899,905
Total general fund	<u>\$ 1,946,406</u>	<u>\$ 1,654,348</u>	<u>\$ 2,082,584</u>	<u>\$ 2,152,364</u>
All other governmental funds:				
Reserved	\$ 3,268,506	\$ 3,181,033	\$ 3,235,058	\$ 4,151,849
Unreserved, reported in:				
Designated for building department	-	-	-	5,000
Special revenue funds	1,186,716	1,520,224	1,592,736	1,753,685
Debt services funds	-	-	-	-
Capital project funds	3,006,644	3,094,400	215,775	31,633
Total all other governmental funds	<u>\$ 7,461,866</u>	<u>\$ 7,795,657</u>	<u>\$ 5,043,569</u>	<u>\$ 5,942,167</u>

June 30,					
2002	2003	2004	2005	2006	2007
\$ 282,955	\$ 313,392	\$ 530,816	\$ 454,279	\$ 445,906	\$ 423,053
1,609,734	1,768,506	1,189,778	1,420,956	1,633,703	1,599,584
\$ 1,892,689	\$ 2,081,898	\$ 1,720,594	\$ 1,875,235	\$ 2,079,609	\$ 2,022,637
\$ 4,705,790	\$ 4,743,971	\$ 4,511,126	\$ 4,578,768	\$ 4,855	\$ 4,793
5,000	5,000	-	-	-	-
1,924,456	3,252,568	2,477,813	2,625,030	3,427,427	2,040,522
-	-	-	-	4,034,490	4,377,956
1,198,293	1,894,358	2,024,762	750,740	577,642	-
\$ 7,833,539	\$ 9,895,897	\$ 9,013,701	\$ 7,954,538	\$ 8,044,414	\$ 6,423,271

City of Burton
Changes in Fund Balances, Governmental Funds

	1998	1999	2000
Revenue			
Property taxes	3,723,167	\$ 3,751,050	\$ 3,898,239
Special assessments	1,013,671	871,606	1,259,921
Licenses and permits	462,045	486,123	518,313
Federal grants	272,780	188,155	638,235
State-shared revenues (and grants)	4,017,491	4,103,444	4,457,368
Local	106,638	547,612	461,881
Charges for services	1,520,335	1,564,032	1,650,984
Fines and forfeitures	100,983	124,083	99,989
Interest	597,706	684,575	774,639
Miscellaneous	251,719	206,871	193,297
Total revenue	12,066,535	12,527,551	13,952,866
Expenditures			
Current:			
General government	1,430,033	1,576,958	1,699,387
Public service	1,560,142	1,683,018	1,838,712
Public safety:			
Police and fire	3,491,142	3,925,894	4,087,047
Building inspections	261,799	293,842	281,151
Public works:			
Streets	847,527	1,105,242	909,272
Parks and recreation	17,534	21,244	39,478
Planning	74,606	93,237	77,943
Health and welfare	-	-	-
Capital outlay	1,473,037	5,042,752	4,902,795
Debt service principal	2,275,776	2,025,873	2,171,037
Debt service interest	834,441	836,309	947,844
Total expenditures	12,266,037	16,604,369	16,954,666
Excess of Revenue Over (Under) Expenditures	(199,502)	(4,076,818)	(3,001,800)
Other financing sources (Uses):			
Debt issuance	3,495,000	3,940,000	-
Sale of fixed assets	9,079	19,044	81,776
Proceeds from capital lease	-	-	396,402
Transfers in	3,557,060	4,074,283	3,956,112
Transfers out	(3,351,954)	(3,914,776)	(3,756,342)
Total other financing sources (uses)	3,709,185	4,118,551	677,948
Special Item - Special assessment roll change	-	-	-
Net Change in Fund Balances	3,509,683	41,733	(2,323,852)
Fund Balances - Beginning of year	5,898,589	9,408,272	9,450,005
Fund Balances - End of year	9,408,272	\$ 9,450,005	\$ 7,126,153
Debt service as a percentage of noncapital expenditures	28.82%	24.76%	25.88%

Fiscal Year Ended June 30,

2001	2002	2003	2004	2005	2006	2007
\$ 4,070,202	\$ 4,246,019	\$ 4,618,537	\$ 4,246,263	\$ 4,292,603	\$ 4,423,110	\$ 4,588,302
1,622,467	1,615,069	1,010,984	496,260	911,242	1,533,535	930,343
568,492	464,378	273,534	531,829	537,698	564,718	379,501
398,229	849,369	649,260	781,399	913,603	664,308	369,023
4,857,818	5,012,184	4,977,381	5,458,387	5,354,614	5,288,281	5,196,663
120,480	39,612	439,250	497,953	474,180	139,419	65,491
1,614,479	1,650,592	1,666,623	1,687,440	1,777,398	1,857,097	1,915,645
114,784	114,429	94,835	105,520	186,170	240,287	331,230
704,471	367,341	226,786	365,535	545,451	620,333	700,899
169,156	196,030	223,565	219,457	224,603	202,393	93,816
14,240,578	14,555,023	14,180,755	14,390,043	15,217,562	15,533,481	14,570,913
1,805,242	1,909,425	1,904,436	2,000,542	1,864,066	1,905,976	1,741,789
1,920,914	1,839,800	1,819,002	1,669,874	1,788,488	1,833,503	1,987,506
4,547,584	4,947,608	5,299,298	5,747,162	5,721,139	4,939,932	5,258,747
331,921	338,309	331,586	324,760	314,179	604,196	420,036
1,223,576	1,062,793	1,312,656	1,614,097	1,731,324	1,724,830	2,028,813
85,958	124,535	100,128	60,582	35,287	44,085	39,007
91,675	87,002	83,586	90,016	90,088	78,018	88,635
-	-	-	-	-	-	63,710
401,992	1,588,402	1,737,094	2,687,880	2,886,290	1,488,509	2,171,223
2,275,912	2,095,310	2,168,520	1,803,521	1,830,062	1,960,000	1,795,000
801,194	674,047	657,920	625,158	648,011	586,446	508,027
13,485,968	14,667,231	15,414,226	16,623,592	16,908,934	15,165,495	16,102,493
754,610	(112,208)	(1,233,471)	(2,233,549)	(1,691,372)	367,986	(1,531,580)
-	1,800,000	3,445,000	2,025,000	1,770,000	-	-
42,068	1,593	24,440	14,931	3,124	22,480	9,509
-	-	-	-	-	-	-
4,255,994	4,301,338	4,306,522	4,640,350	4,523,643	4,905,418	5,117,844
(4,084,294)	(4,359,033)	(4,290,917)	(5,690,231)	(5,509,918)	(5,001,634)	(5,213,374)
213,768	1,743,898	3,485,045	990,050	786,849	(73,736)	(86,021)
-	-	-	-	-	-	(60,514)
968,378	1,631,690	2,251,574	(1,243,499)	(904,523)	294,250	(1,678,115)
7,126,153	8,094,531	9,726,221	11,977,795	10,734,296	9,829,773	10,124,023
\$ 8,094,531	\$ 9,726,221	\$ 11,977,795	\$ 10,734,296	\$ 9,829,773	\$ 10,124,023	\$ 8,445,908
23.52%	21.17%	20.67%	17.43%	17.67%	18.62%	16.53%

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

City of Burton

Taxable Value and Actual Value of Taxable Property

Tax Year	Fiscal Year Ended June 30,	Taxable Value by Property Type:				
		Real Property			Personal Property	Total Value
		Residential	Commercial	Industrial		
1997	1998	\$ 277,493,900	\$ 90,143,090	\$ 27,035,030	\$ 51,633,400	\$ 446,305,420
1998	1999	294,017,120	95,510,610	28,644,820	56,178,300	474,350,850
1999	2000	310,435,650	100,855,050	30,230,210	57,223,500	498,744,410
2000	2001	330,567,310	109,662,644	30,963,650	60,835,190	532,028,794
2001	2002	356,363,100	115,659,300	33,982,460	64,749,800	570,754,660
2002	2003	381,823,420	121,617,860	34,001,390	64,092,500	601,535,170
2003	2004	404,109,100	126,512,810	33,689,690	62,368,900	626,680,500
2004	2005	430,720,540	131,100,970	34,832,340	64,036,900	660,690,750
2005	2006	465,505,260	137,792,640	36,317,740	57,257,100	696,872,740
2006	2007	506,501,753	146,063,658	37,343,470	53,938,310	743,847,191

Note: Under Michigan law, the revenue base is referred to as "Taxable Value". This amount represents Assessed value (50% of true cash value), limited for each property by the lower of 5% or inflation.

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year

Tax Rate (Mills)	Estimated Actual Value	Taxable Value as a % of Actual
8.31	\$ 937,133,620	47.62%
7.91	1,010,019,160	46.96%
7.80	1,088,972,940	45.80%
7.66	1,183,968,428	44.94%
7.45	1,294,050,040	44.11%
7.33	1,203,244,340	49.99%
6.80	1,511,550,880	41.46%
6.48	1,604,732,780	41.17%
6.36	1,706,015,160	40.85%
6.34	1,813,543,024	41.02%

City of Burton

Direct and Overlapping Property Tax Rates

Tax Year	Millage Rates - Direct City Taxes				Overlapping Taxes			
	General Operating	Debt	Police	Total Direct Taxes	DDA	County	Airport	MTA
1997	4.84	2.50	0.97	8.31	1.94	13.26	0.49	0.40
1998	4.84	2.10	0.97	7.91	1.93	13.36	0.49	0.40
1999	4.83	2.00	0.97	7.80	1.93	13.34	0.49	0.40
2000	4.80	1.90	0.96	7.66	1.93	13.34	0.49	0.40
2001	4.79	1.70	0.96	7.45	1.84	13.32	0.49	0.40
2002	4.78	1.60	0.95	7.33	1.91	13.30	0.49	0.40
2003	4.75	1.10	0.95	6.80	1.89	13.26	0.49	0.40
2004	4.74	0.75	0.99	6.48	1.89	13.23	0.48	0.79
2005	4.72	0.65	0.99	6.36	1.89	13.23	0.48	0.79
2006	4.71	0.65	0.99	6.34	1.89	14.92	0.48	0.80

Note: Michigan law restricts the maximum millage that may be levied by the City without a vote of our residents, as follows:

	General Operating	Debt	Police
2006	4.71	0.65	0.99

Overlapping Taxes				Total Tax Rate	
Community College	Intermediate School District	School: Homestead	School: Non- homestead	Homestead	Non- homestead
1.87	3.60	-	18.00	29.87	47.87
1.87	3.60	-	18.00	29.56	47.56
1.87	3.61	-	18.00	29.44	47.44
1.87	3.59	-	17.92	29.28	47.20
2.87	3.58	1.99	19.91	31.94	49.86
2.83	3.57	3.48	21.40	33.31	51.23
2.75	3.55	3.48	21.40	32.62	50.54
2.68	3.54	3.48	21.40	32.57	50.49
2.68	3.54	3.46	21.38	32.43	50.35
2.68	3.53	3.20	21.12	33.86	51.78

City of Burton
Principal Property Tax Payers

	Taxpayer	2006 Taxable Value	Percentage of Total	1997 Taxable Value	Percentage of Total	1997 Rank
1	Consumers Energy	\$15,072,094	1.93%	\$ 13,683,900	2.92%	2
2	TDC Courtland Leaseco, L.L.C.	11,183,000	1.43%	13,630,200	2.90%	3
3	Meijer, Inc	6,899,300	0.88%	5,487,600	1.17%	5
4	Wal-Mart Real Estate Business Trust	5,791,300	0.74%	3,590,800	0.77%	6
5	Lowes Home Centers, Inc.	5,539,500	0.71%	N/A	N/A	N/A
6	Home Depot U.S.A., Inc	3,796,400	0.49%	3,052,000	0.65%	7
7	Porrett Investments	3,742,000	0.48%	14,959,000	3.19%	1
8	General Warehouse Corp.	3,523,300	0.45%	N/A	N/A	N/A
9	National Amusements	3,309,700	0.42%	3,048,000	0.65%	8
10	Kroger	3,243,900	0.42%	N/A	N/A	N/A

Information for this table provided by the City's Assessor's Department.

City of Burton
Property Tax Levies and Collections

Tax Year	Fiscal Year Ended June 30,	Total Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected
1997	1998	\$ 3,705,938	\$ 3,426,132	92.4%	\$ 265,230	\$ 3,691,362	99.6%
1998	1999	3,744,863	3,462,489	92.5%	269,814	3,732,303	99.7%
1999	2000	3,914,383	3,657,225	93.4%	244,598	3,901,823	99.7%
2000	2001	4,076,132	3,772,068	92.5%	281,916	4,053,984	99.5%
2001	2002	4,246,434	3,915,109	92.2%	307,834	4,222,943	99.4%
2002	2003	4,401,935	4,117,703	93.5%	264,518	4,382,221	99.6%
2003	2004	4,288,160	3,995,920	93.2%	268,037	4,263,957	99.4%
2004	2005	4,285,315	4,015,816	93.7%	247,053	4,262,869	99.5%
2005	2006	4,429,094	4,117,667	93.0%	288,715	4,406,382	99.5%
2006	2007	4,714,947	4,325,355	91.7%	373,527	4,698,883	99.7%

Debt Capacity

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.

City of Burton
Ratios of Outstanding Debt

	1998	1999	2000
Governmental Activities			
General obligation bonds	\$ 10,735,203	\$ 9,514,329	\$ 8,153,292
Installment purchase agreements	-	-	-
Special assessment bonds	6,025,000	9,160,000	8,350,000
Capital leases	-	-	396,402
Total	16,760,203	18,674,329	16,899,694
Business Type Activities			
Revenue bonds	2,500,000	2,500,000	2,500,000
Total	2,500,000	2,500,000	2,500,000
Total debt of the government	\$ 19,260,203	\$ 21,174,329	\$ 19,399,694
Total Residential Personal Income	\$ 466,237	\$ 475,566	\$ 622,769
Ratio of total debt to personal income	2.42%	2.25%	3.21%
Total Population	27,437	27,437	30,308
Total debt per capita	702	772	640

2001	2002	2003	2004	2005	2006	2007
\$ 6,847,350	\$ 7,577,040	\$ 6,413,520	\$ 5,515,000	\$ 4,790,000	\$ 4,070,000	\$ 3,300,000
-	-	-	-	-	-	87,910
7,380,000	6,355,000	8,795,000	9,915,000	10,580,000	9,340,000	8,315,000
361,184	329,324	295,697	534,639	472,230	411,627	334,864
14,588,534	14,261,364	15,504,217	15,964,639	15,842,230	13,821,627	12,037,774
2,500,000	2,475,000	2,425,000	2,375,000	2,300,000	2,225,000	2,150,000
2,500,000	2,475,000	2,425,000	2,375,000	2,300,000	2,225,000	2,150,000
\$ 17,088,534	\$ 16,736,364	\$ 17,929,217	\$ 18,339,639	\$ 18,142,230	\$ 16,046,627	\$ 14,187,774
\$ 641,439	\$ 660,684	\$ 680,506	\$ 700,933	\$ 719,815	\$ 749,327	\$ 769,559
3.75%	3.95%	3.80%	3.82%	3.97%	4.67%	5.42%
30,308	30,308	30,308	30,308	30,308	30,308	30,308
564	552	592	605	599	529	468

City of Burton

Ratios of General Bonded Debt Outstanding

Fiscal Year	Other General Obligation Debt	Less Pledged Debt Service Funds	Net General Bonded Debt	Taxable Value	Debt as a Percentage of Taxable Value	Population	Debt Per Capita
1998	\$ 10,735,203	\$ 214,000	\$ 10,521,203	\$446,305,420	2.36%	27,437	383
1999	9,514,329	161,000	9,353,329	474,350,850	1.97%	27,437	341
2000	8,153,292	142,000	8,011,292	498,744,410	1.61%	30,308	264
2001	6,847,350	152,000	6,695,350	532,028,794	1.26%	30,308	221
2002	7,577,040	110,000	7,467,040	570,754,660	1.31%	30,308	246
2003	6,413,520	75,000	6,338,520	601,535,170	1.05%	30,308	209
2004	5,515,000	87,000	5,428,000	626,680,500	0.87%	30,308	179
2005	4,790,000	109,000	4,681,000	660,690,750	0.71%	30,308	154
2006	4,070,000	109,000	3,961,000	696,872,740	0.57%	30,308	131
2007	3,300,000	142,036	3,157,964	743,847,191	0.42%	30,308	104

City of Burton**Direct and Overlapping Governmental Activities Debt**

Governmental Unit	Debt Outstanding	Estimated % Applicable	Estimated Share of Direct, Indirect and Overlapping Debt
Mott Community College	\$ 89,490,000	6.3%	\$ 5,593,125
Genesee County	34,156,674	6.6%	2,240,678
School Districts	184,310,000	18.8%	34,737,939
Bishop Airport Authority	10,555,000	6.6%	<u>692,408</u>
Total overlapping debt	318,511,674		43,264,150
Direct City debt	13,525,000	100.0%	13,525,000
Indirect City debt	660,000	100.0%	<u>660,000</u>
Total direct, indirect and overlapping debt	332,696,674		<u><u>\$ 57,449,150</u></u>

City of Burton
Legal Debt Margin

	1998	1999	2000
Calculation of Debt Limit:			
Assessed valuation	468,566,810	505,009,580	544,486,470
10% of assessed value	46,856,681	50,500,958	54,448,647
Calculation of Debt Subject to Limit:			
Total debt	19,260,203	21,174,329	19,399,694
Less: debt not subject to limit:			
Special assessment bonds	6,025,000	9,160,000	8,350,000
Revenue bonds	2,500,000	2,500,000	2,500,000
Capital leases	-	-	396,402
Exempt general obligation debt	9,750,203	8,629,329	7,368,292
Net debt subject to limit	985,000	885,000	785,000
Legal debt margin	45,871,681	49,615,958	53,663,647
Net debt subject to limit as % of debt limit	2.10%	1.75%	1.44%

	2001	2002	2003	2004	2005	2006	2007
\$	591,984,214	\$647,025,020	\$601,622,170	\$755,775,440	\$ 802,366,390	\$853,007,580	\$ 906,771,512
	59,198,421	64,702,502	60,162,217	75,577,544	80,236,639	85,300,758	90,677,151
	17,088,534	16,736,364	17,929,217	18,339,639	18,142,230	16,046,627	14,187,774
	7,380,000	6,355,000	8,795,000	9,915,000	10,580,000	9,340,000	8,315,000
	2,500,000	2,475,000	2,425,000	2,375,000	2,300,000	2,225,000	2,150,000
	361,184	329,324	295,697	534,639	472,230	411,627	334,864
	6,142,350	5,177,040	4,143,520	3,400,000	2,830,000	2,260,000	1,640,000
\$	705,000	\$ 2,400,000	\$ 2,270,000	\$ 2,115,000	\$ 1,960,000	\$ 1,810,000	\$ 1,747,910
	58,493,421	62,302,502	57,892,217	73,462,544	78,276,639	83,490,758	88,929,241
	1.19%	3.71%	3.77%	2.80%	2.44%	2.12%	1.93%

City of Burton
Pledged-revenue Coverage

Water and Sewer Revenue Bonds						
Fiscal Year	Gross Revenues	Applicable Expenses	Net Revenues	Debt service		Coverage
				Principal	Interest	
1998	\$ 3,435,251	\$ 3,053,794	\$ 381,457	\$ -	\$ -	0.00%
1999	3,760,683	3,357,668	403,015	-	131,814	3.06%
2000	3,787,077	3,221,589	565,488	-	121,675	4.65%
2001	5,026,299	3,971,515	1,054,784	-	121,675	8.67%
2002	4,890,198	4,393,819	496,379	25,000	121,137	3.40%
2003	5,122,686	4,671,699	450,987	50,000	119,863	2.66%
2004	5,290,877	5,065,458	225,419	50,000	117,675	1.34%
2005	5,419,142	5,127,772	291,370	75,000	114,906	1.53%
2006	5,824,374	5,077,664	746,710	75,000	111,181	4.01%
2007	6,468,197	5,447,288	1,020,909	75,000	108,100	5.58%

Special Assessment Bonds

Special assessment collections	Debt service		
	Principal	Interest	Coverage
\$ 933,077	\$ 2,275,776	\$ 834,441	30.00%
871,606	2,025,873	836,309	30.45%
1,259,921	2,171,037	947,844	40.40%
1,622,467	2,275,912	801,194	52.73%
1,615,069	2,095,310	674,047	58.32%
1,010,984	2,168,520	657,920	35.77%
496,260	1,803,521	625,158	20.43%
911,242	1,830,062	648,011	36.77%
1,533,535	1,240,000	360,312	95.83%
930,343	1,025,000	318,116	69.27%

Demographics and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

City of Burton
Demographic and Economic Statistics

Fiscal Year	Population	Per Capita		
		Personal Income (in Thousands)	Personal Income (1)	Unemployment Rate (2)
1998	27,437	\$ 466,237	\$ 16,993	3.5%
1999	27,437	475,566	17,333	3.0%
2000	30,308	622,769	20,548	3.6%
2001	30,308	641,439	21,164	5.6%
2002	30,308	660,684	21,799	6.0%
2003	30,308	680,506	22,453	7.1%
2004	30,308	700,933	23,127	8.3%
2005	30,308	719,815	23,750	7.8%
2006	30,308	749,327	24,724	6.9%
2007	30,308	769,559	25,391	7.4%

Sources:

- (1) U.S. Department of Labor Bureau of Labor Statistics <http://www.bls.gov/>
- (2) State of Michigan Department of Labor & Economic Growth <http://www.milmi.org/>

City of Burton
Principal Employment Industries

Industry	2007	Percentage of Total	1998	Percentage of Total
	Number of Jobs (1)		Number of Jobs (1)	
Trade, transportation, and utilities	31,700	20.98%	33,900	19.87%
Education and health services	24,500	16.21%	20,300	11.90%
Government	23,800	15.75%	24,800	14.54%
Manufacturing	17,200	11.38%	35,300	20.69%
Leisure and hospitality	16,700	11.05%	16,300	9.55%
Professional and business services	14,500	9.60%	17,800	10.43%
Natural resources, mining, and construction	6,600	4.37%	7,400	4.34%
Other services	6,400	4.24%	6,400	3.75%
Financial activities	7,100	4.70%	6,100	3.58%
Information	2,600	1.72%	2,300	1.35%
Total	<u>151,100</u>	<u>100.00%</u>	<u>170,600</u>	<u>100.00%</u>

Notes:

(1) Source: Bureau of Labor Statistics (Non-Farm Employment). Number of jobs is presented for the Flint metropolitan area which includes Genesee County.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the service the City provides and the activities it performs.

City of Burton
Full-time Equivalent Government Employees

Function/Program	1998	1999	2000	2001
General government:				
Mayor	3	4	4	4
Clerk	3	4	3	3
Treasurer	5	6	5	5
Controller	4	4	4	4
Assessor	3	3	3	3
City hall	1	1	2	2
Senior citizens	1	1	1	1
Public safety:				
Police	43	43	45	47
Fire	3	3	3	3
Building	6	6	6	5
Public works:				
DPW	4	4	4	4
Streets	5	5	5	5
Water and sewer	14	13	14	14
Total	95	97	99	100

2002	2003	2004	2005	2006	2007
5	5	4	4	4	4
3	3	3	3	4	4
5	5	5	5	5	6
4	4	3	4	4	3
3	3	3	2	3	3
2	2	3	3	1	1
1	1	1	1	1	1
47	46	45	40	41	44
3	3	3	3	3	3
6	5	6	5	5	5
4	3	3	2	2	2
5	8	9	11	11	12
15	15	15	15	16	13
103	103	103	98	100	101

City of Burton
Operating Indicators

Function/Program	1998	1999	2000	2001
Election data (1)				
Registered voters	21,014	20,070	20,831	20,788
Voters (at the polls or absentee)	8,619	5,356	12,432	3,724
Percent voting	41.02%	26.69%	59.68%	17.91%
Police (2)				
Physical arrests	N/A	N/A	1,083	1,139
Traffic violations	N/A	N/A	3,264	3,115
Investigations	N/A	N/A	3,694	3,833
Fire (3)				
Fire runs	767	694	655	677
Inspections	N/A	N/A	N/A	N/A
Public works (4)				
Miles of street resurfaced	12.58	29.19	18.98	0.58
Potholes repaired	30,199	30,315	30,325	34,589
Refuse collected (tons)	11,207	11,272	11,563	11,690
Parks and recreation (5)				
Recreation program attendance	N/A	N/A	N/A	N/A
Library (6)				
Circulation (books borrowed)	93,509	93,509	93,509	93,509
Collection volume	40,000	40,000	40,000	40,000
Water (4)				
Number of customers billed	5,302	6,113	6,248	6,395
Total consumption (thousands of gallons)	600,349	661,849	524,770	552,206
Average consumption per user (thousands of gallons)	113	108	84	86
Sewer (4)				
Number of customers billed	11,029	11,840	11,977	12,089
Average daily sewage consumption (thousands of gallons)	N/A	N/A	N/A	N/A

Sources:

- (1) City of Burton Clerk's Office.
- (2) City of Burton Police Department.
- (3) City of Burton Fire Department.
- (4) City of Burton Department of Public Works.
- (5) City of Burton Parks & Recreation Department.
- (6) Genesee District Library.

2002	2003	2004	2005	2006	2007
19,638	20,077	21,300	21,434	21,745	21,938
8,579	5,959	14,271	4,414	3,565	10,826
43.69%	29.68%	67.00%	20.59%	16.39%	49.35%
1,045	1,012	1,226	3,290	3,169	4,014
4,366	3,802	5,745	3,331	3,705	3,608
3,779	3,392	3,265	3,998	4,178	4,136
675	864	688	593	599	582
186	160	117	231	245	158
1.43	1.29	4.34	4.49	3.76	3.64
35,570	45,050	45,395	46,958	47,223	47,233
11,809	11,916	12,050	12,183	12,336	12,435
N/A	N/A	472	555	493	598
93,509	93,509	93,509	139,801	226,040	211,591
40,000	40,000	40,000	65,688	82,204	71,391
6,454	6,510	6,635	6,775	6,885	6,956
601,902	649,845	610,581	631,507	565,316	597,151
93	100	92	93	82	86
12,131	12,197	12,314	12,618	12,732	12,803
N/A	N/A	1,447	1,415	1,454	1,434

City of Burton
Capital Asset Statistics

Function/Program	1998	1999	2000	2001
Police (1)				
Stations	1	1	1	1
Patrol units	N/A	N/A	12	14
Fire (2)				
Stations	3	3	3	3
Fire response vehicles	11	11	12	12
Public works (3)				
Streets (miles):				
Major streets	22.7	22.7	22.7	33.4
Local streets	91.8	91.8	91.8	97.2
Streetlights	2,348	2,466	2,487	2,508
Traffic signals	13	13	13	13
Parks and recreation (4)				
Acreage	25	25	25	65
Developed parks/playgrounds	3	3	3	3
Developed fields (soccer, baseball, etc)	-	-	-	-
Libraries (5)				
Branches	2	2	2	2
Water (3)				
Mains (miles)	85.6	88.6	91.5	98.3
Fire hydrants	902	942.0	960	980
Storage capacity (gallons)	400,000	400,000	400,000	400,000
Sewer (3)				
Miles of sanitary sewers	154.9	157.2	158.3	159.0
Miles of storm sewers	14.9	14.9	15.0	15.0
Consumption (thousands of gallons)	N/A	N/A	N/A	N/A

Sources:

- (1) City of Burton Police Department.
- (2) City of Burton Fire Department.
- (3) City of Burton Department of Public Works.
- (4) City of Burton Parks & Recreation Department.
- (5) Genesee District Library.

2002	2003	2004	2005	2006	2007
1	1	1	1	1	1
14	13	12	13	13	14
3	3	3	3	3	3
12	11	11	11	11	11
33.4	69.2	72.3	71.5	71.5	71.5
100.9	100.9	99.1	105.8	106.8	106.8
2,515	2,605	2,611	2,676	2,762	2,788
13	54	54	54	54	54
65	65	65	65	102	102
4	4	4	4	4	4
-	-	-	-	-	-
2	2	2	2	2	2
99.5	101.9	105.0	109.0	110.0	110.0
1,005	1,005	1,110	1,265	1,280	1,280
400,000	400,000	400,000	400,000	400,000	400,000
159.8	161.4	164.0	166.0	166.2	166.2
15.0	15.0	15.0	20.0	21.0	21.0
N/A	N/A	528,113	516,476	530,752	523,283

Report on Internal Control

December 14, 2007

To the City Council
City of Burton, Michigan

Dear City Council Members:

Beginning with this year's audit, national auditing standards now call for auditors to communicate matters to the governing body that may be useful in its oversight of the City's financial management. Specifically, they require us to report internal control issues to the governing body that may be relatively minor, in order to allow it to evaluate their significance, and make any changes it may deem appropriate. In general, these are items that would have been discussed orally with management in the past. The purpose of these new standards is to allow the governing body an opportunity to discuss issues when they are relatively minor, rather than waiting until they become more serious problems. We hope this new Report on Internal Control will be helpful to you, and we look forward to being able to discuss any questions you may have concerning these matters:

In planning and performing our audit of the financial statements of City of Burton (the "City") as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is

more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control:

Audit Adjustments – Overall, the City's management did an excellent job in assuring that all necessary year end accrual entries were made prior to the start of the audit. The following items represent adjustments (corrections) to the general ledger that are relatively "technical" in nature that we identified during the audit for which management concurred with and posted to the general ledger related to 1) the reclassification of an entry initially posted directly to Motor Pool Fund fund balance instead of to a "transfer account" for a contribution from Water and Sewer Funds to the Motor Pool Fund for the purchase of equipment, 2) the recognition of expenses within the Local Street Fund incurred by various special assessment paving projects that were initially recorded as a receivable, and 3) to reverse the journal entry made in error in the Retiree Health Care Fund to record as a "deposit in transit" a check that was actually received in August, 2007. A restatement was made in the financial statements to reclassify the Retiree Health Care Fund as a trust fund. This was needed due to a clarification of the restricted nature of the Retiree Health Care Fund which was established by adopting Public Act 149 of 1999 and that the State recognizes that these funds, once segregated from the governmental entity's unrestricted surplus funds, should be treated as a trust fund for reporting purposes rather than a Special Revenue fund.

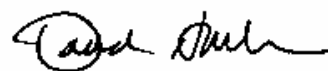
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Due to the relatively material size of the adjustments involved and knowledge of the City's controls surrounding these adjustments we believe the above deficiency technically meets the definition to be considered a material weakness.

This communication is intended solely for the information and use of management, the Council, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Should you have any questions regarding this matter we would be happy to discuss the matter with you.

Sincerely,

Plante & Moran, PLLC

A handwritten signature in black ink, appearing to read "Tadd Harburn", written in a cursive style.

Tadd Harburn, Partner